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NEWS SUMMARY

GENERAL

Nkomo will attend talks'

Joshua Nkomo, co-leader of Patriotic Front, would nitely attend an all-party erence on Rhodesia, accord- to Mr. Josiah Chinamano, deputy.

it Mr. Chinamano added that conference would have to be soon if it were to have any t because nationalist rillas "would win the Rho- an war within six months."

e ruled out any possibility split between Mr. Nkomo Mr. Robert Mugabe, who s the other wing of the riotic Front. Page 3

BC cancels ay repeat

BBC has called off plans to at Barrie Keefe's controver- play Gotcha, about a school- who holds hostage two hers. The decision follows ests from Mrs. Mary White- se but the BBC said the st had been called off owing internal talks about language in programmes.

eirut fighting

radic outbursts of fighting e reported from Beirut in e of the ceasefire between ian troops of the Arab peace- ping force and Christian itias. Page 3

ea row over

tea-break dispute which cted 30,000 London com- ters ended when the three hool Green signalmen who been having unofficial ... agreed to meet their ion's executive committee.

Ryder' jury out

e jury in the "Ryder letter" al, which had been considering verdict for most of the day, s sent to an hotel for the night. Graham Barton, former Ley- d executive, and his wife, face r charges involving forgery d fraud.

orchnoi level

blunder by Anatoly Karpov, champion, allowed Viktor rchnoi to draw level in the rld chess championship in guio, Philippines. After 11 nes, each man has won once.

ank man shot

Terrence Carney, an official th the Midland Bank in ellield, was wounded by a per's bullet while riding a ble car in San Francisco. He recovering in hospital follow- g an operation.

hristina leaves

ristina Onassis, whose recent rriage has been the subject intense speculation, flew out Luton airport with a woman end bound for Athens.

hair vacant

ne of the entries for the elsh National Eisteddfod's nior prize, the Bardic Chair, is considered good enough to ceive the award, thus con- ming the Cardiff jinx—the air has been left vacant only e times in 100 years, four nes when the Eisteddfod has ited Cardiff.

riefly . . .

oney broker Derrick Scotch- ook from Herne Bay, Kent, came British Airways' 0,000th Concorde passenger. r France will extend its New rk Concorde service to exico twice a week.

vid Bryant, England, won the wls singles gold medal in the ommonwealth Games in lmonton.

ree women chained them- lves to railings at Burnley, nes., town hall to protest at e banning of dogs from parks.

r. Leon Levy, founder of the olumbia Broadcasting System, ed in Philadelphia.

he Conclave of Cardinals to lect a new Pope will begin n August 25. Page 2

BUSINESS

Equities down 2.2; Gold at new high

● EQUITIES succumbed to profit-taking after extending the recent rise. FT 30-share index, up 5.2 earlier, closed 2.2 down at 514.0. Secondary issues continued in demand. Gold Mines Index fell 2.1 to 198.5.

● GILTS shorts lost to ¼. Longs made some headway. Government Securities Index hardened 0.09 to 71.33.

● GOLD rose $1½ to a record $207⅝. Comex August settlement

price closed $4.50 up at $209.70.

● STERLING was 40 points higher at $1.9530. Trade weighted index was unchanged at 62.4. Dollar's depreciation was a record 10.1 (9.9) per cent.

● WALL STREET closed off 6.15 at 885.48.

● U.S. money supply: M1 rose $1.1bn to $353.1bn. M2 rose $2.1bn to $849.9bn. Commercial and industrial loans fell $264m. Fed funds averaged 7.83 (7.89) per cent. 90-119 day commercial paper 7.78 (7.81) per cent.

● CARTER Administration has decided to allow the sale of $144m. plant fo the manufacture of oil well drilling parts to the Soviet Union. Back Page

● NATIONAL WESTMINSTER Bank has sold its 19.1m share stake in Commercial Union Assurance for £29.3m. Back Page

● NRDC is concerned that French hovercraft engineers may infringe UK design patents in attempts to resolve problems with part of the N500 passenger craft. Back Page

SE commission rates may rise

● STOCK EXCHANGE is launching major new review of commission rates charged by brokers, which may well lead to the cost of share-buying going up. Back Page

● NORTH SEA oil output is to receive a further boost following Government approval for development of Mesa Petroleum's Beatrice Field and the start of Shell/Esso's Dunlin Field. (Page 6). New North Sea oil study estimates potential market for maintenance and inspection of installations could be worth £280m by the end of the 1980s and provide 12,500 jobs. Page 7

● UK STEEL output is back at 1977 levels, but imports continue to take an increasing share of the market. Page 6

● JAPANESE FINANCE Ministry is to permit trading houses to take up multi-currency loans. Page 25

COMPANIES

● BRITISH AIRWAYS earned £14m. net profit in the first quarter against only £4m. in the same period a year ago. Page 7

● ULTRAMAR first-half pre-tax profits rose to £18.1m. (£7.9m.). Cash flow from operations at £14.9m., was a record. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES:

Allen (W. G.) (Tipton)	54	+ 4
Automated Security	108	+ 8
Bellway	68	+ 4
Burtonwood Brewery	173	+ 10
Carron	68	+ 8
Dixon (D.)	97	+ 17
Expanded Metal	77	+ 4
Fontine Assoc.	300	+ 29
Incheape	380	+ 7
Intl. Paint	81	+ 5
Johnson-Richards	110	+ 8
...les	68	+ 3
LWT "A"	142	+ 9
...loims	143	+ 7
Moorgate Inv.	97	+ 3
NatWest	288	+ 9
Pearson (S.)	248	+ 8
Plysu	98	+ 8
Reed Intl.	18	+ 6
Rothmans Intl.	68	+ 3
Saatchi and Saatchi	175	+ 8
Standard Chartered	430	+ 22
United Newspapers	372	+ 10
Victor Products	195	+ 11
Vinten	217	+ 12
Wholesale Fittings	157	+ 7
Killinghall Tin	625	+ 135
Southern Pacific Pet.	240	+ 15
Tanganyika	180	+ 6
Tehidy Minerals	67	+ 10
Tronoh	242	+ 10
Vogels	70	+ 5

FALLS:

Butterfield Harvey	84	− 3
Commercial Union	158	− 6
Courtaulds	110	− 5
General Accident	234	− 6
Sun Alliance	579	− 20
Thomson Org.	260	− 5
Anglo American Corp.	354	− 6
West Rand Cons.	136	− 8

PEUGEOT-CITROEN TO PAY $430m TO AILING U.S. CAR COMPANY

Chrysler to sell up in Europe

BY ROBERT MAUTHNER IN PARIS AND TERRY DODSWORTH IN LONDON

PEUGEOT-CITROEN of France will pay $430m (£220m) in cash and shares for the European operations of the ailing Chrysler Corporation, in one of the biggest shake-ups in the world motor industry.

If it goes through, the deal will produce the biggest motor manufacturer in Europe, with plants in France, the UK and Spain, and a production rate of 2.2m vehicles a year compared with 1.6m each from its nearest rivals, Ford and Renault.

The combined group would have 261,500 employees, and a turnover of more than $11.5bn.

On the face of it, there will be a considerable overlap in the range of products marketed by the two groups. All three companies are predominantly concerned with small and medium-sized family saloons.

However, in a brief setatement yesterday, Peugeot underlined that its major interest in the acquisition will be to create an organisation with the potential for rationalisation of production and more standardisation.

It will also give Peugeot, which manufactures a range of light commercial vehicles, mainly for the French market, a chance to move into the heavier end of the truck business through Chrysler's interests in the UK and Spain.

As Europe's largest manufacturer, the combined group would inherit a market share in France of 45 per cent, in Spain of 23 per cent, in the UK of 10 per cent, in Germany of 6.5 per cent and in Italy of 12 per cent.

For Peugeot, the deal also opens up the possibility of a much greater penetration of the U.S. market through Chrysler's dealer network, although this point was not made in yesterday's announcement.

Thus, in the space of about four years, Peugeot has emerged from its status as a rather small, provincially-minded French company into a major world force, yet still family-controlled. It is only about two years since the links with Citroen were finally cemented.

Chrysler, which faces an enormously expensive investment programme in the U.S. would receive an immediate cash payment of $230m, and reduce its debt burden by $400m.

It would also have 15 per cent of the new European company.

Talks between the two companies have been conducted in the greatest secrecy and the proposed deal took Government departments by surprise.

There seems no obvious reason why the French Government should object, but the situation is more complicated in the UK and Spain.

Mr. Eric Varley, Industry Secretary, heard the proposals for the first time only on Monday this week in a personal visit by Mr. John Riccardo, chairman of Chrysler Corporation.

Any significant change in the shareholding of Chrysler UK would require British Government approval. There is no guarantee either that the Government would be willing to continue its financial support.

So far, £81m in grants and loans has gone to Chrysler with a potential £37.5m to come.

In a prepared statement yesterday, Mr. Varley said that he would be "examining the security and prosperity of Chrysler UK plants in Scotland and England, as well as for the UK motor industry and economy generally."

It will take at least a month before the UK Government is ready to give a final decision.

Trade union officials in Britain were anxious last night that the deal should not lead to loss of jobs or further penetration of imported cars.

The general reaction was one of relief that a possible saviour had come forward, although it was tempered with disappointment that there had been no warning of the deal or consultation with the workforce.

Mr. Don Lander, managing director of Chrysler UK, said in a BBC interview last night that the deal gave an added dimension to one aspect of the arrangements negotiated with the Government in 1975—the commitment to make the UK plants an integral part of a larger European grouping.

The fusion with Peugeot-Citroen was good news for Chrysler's employees in Britain, because it would make possible economies of scale not available in a smaller organisation.

The joint Chrysler-Peugeot communique emphasised that to ensure that the transfer took place in the best possible conditions, Chrysler Corporation would continue to be directly associated with the management and earnings of its three former European subsidiaries until the end of 1980.

The statement also made it clear that the companies making up the new group, Peugeot-Citroen and Chrysler, would continue to have a large degree of independence, and that the brand names and specific characteristics of their products would be maintained.

A similar statement was issued after the merger of Peugeot and Citroen in 1976.

While it is true that the two French companies have managed to retain some individuality, it is equally certain that overall management and financial control is firmly in the hands of the Peugeot organisation, controlled by Peugeot family interests.

The general expectation is that the recently appointed chairman of the Peugeot-Citroen group, M. Jean-Paul Parayre, a 41-year-old former civil servant, will also head the new Peugeot-Citroen-Chrysler operation, for which a name has yet to be found.

Peugeot-Citroen, one of

Continued on Back Page

SHARES OF EUROPEAN* CAR MARKET (Jan.-May 1978—%)

Peugeot-Citroen	11.8	
Chrysler	6.1	
Combined		17.9
Ford		13.2
Renault		12.7
Fiat/Seat		11.8
Volkswagen		11.5
General Motors		10.7
BL		4.9
Mercedes-Benz		2.5

* Including Spain, but excluding Greece.

WORK FORCE

	Employees
Peugeot-Citroen	151,000*
Chrysler, France	41,000
Chrysler, UK	22,500
Chrysler, Spain	15,500

* Includes 25,000 employees outside France.

Details Page 2 ● Peugeot's bid to become top in Europe Page 18 ● U.S. car industry's year Page 24 ● Lex Back Page

Bank releases £207m in special deposits

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BANK OF ENGLAND yesterday announced the release of a total of £207m of special deposits to the London and Scottish clearing banks from next Monday.

The move will contribute to a further reduction in pressure on ... markets. This should reinforce the downward trend in certain short-term interest rates, which has occurred over the last fortnight.

Minimum Lending Rate was, as expected, unchanged yesterday at 10 per cent and the authorities appear to be in no hurry to announce a change which might trigger alterations in bank base rates. A cut in MLR does, however, only appear to have been postponed for two or three weeks at most.

The special deposits move fulfills an undertaking given by the Government in December, 1976, when the clearing banks agreed to finance additional lending under the then existing sterling fixed-rate export and home shipbuilding schemes.

The move is thus different in character from action taken by the Bank over the last month to ease the shortage of funds in the money markets, either by postponing calls on special deposits or by temporarily releasing funds held as special deposits.

These pressures were reflected in a sharp fall in the reserve asset ratios of the banks in the month to mid-July indicated by official figures published on Tuesday.

The squeeze has eased since then, as shown by a steady fall in three-month interbank rates this month. The further release of special deposits, on a smaller scale than before, will be a further help in this direction.

Special deposits are funds which the clearing banks are required to keep with the Bank of England under official controls. After Monday, the clearers will only have £83m deposited, though the non-clearers will have roughly £145m with the Bank. A total of about £865m is now due to be re-deposited wiht the Bank during September.

The authorities were stressing that yesterday's move was special and did not represent a change of policy. However, as the release is not temporary, it will ease a little of the current pressure on clearing banks' lending.

The further release has only been made necessary by the re-imposition in early June of the so-called corset controls on the growth of banks' interest bearing eligible liabilities.

The Government undertaking in December 1976 said that if the commitment to fixed-rate finance above a certain level prejudiced the clearers' position in relation to any corset, or supplementary special deposits scheme, then special deposits would be released.

The refinancing commitment has obliged the banks to increase their money market borrowing, thus creating additional interest bearing liabilities. The released deposits are intended to offset these extra liabilities.

The clearing banks have faced difficulties in making the necessary adjustments to avoid paying penalties which become liable if their interest bearing liabilities exceed specified ceilings between mid-August and mid-October.

Some, if not all, of the clearers now seem likely to pay such penalties since they will not be able to cut back their lending sufficiently in time. The dilemma has arisen when there are signs of a revival in demand for loans from industry.

The problems have partly been of a technical nature as a result of shortages in the money market produced by heavy sales of gilt-edged stock and large tax payments.

Dollar continues to fall

By Peter Riddell, Economics Correspondent

THE DOLLAR fell sharply yesterday against most of the world's other major currencies. There was again a noticeable absence of either sustained market intervention from European central banks or any other action to stabilise currencies.

The dollar had traded fairly steadily until towards the close in Europe but renewed weakness developed in response to comments by the Shah of Iran about a rise in the oil price and to the publication of the U.S. wholesale price figures.

The result was that the U.S. currency fell to a low of DM 1.9725, against Tuesday's close of DM 1.9830, before a small late rally to DM 1.9760. There were broadly similar changes against the Swiss franc, with a closing level of SwFr 1.6790 against SwFr 1.6860 previously.

The slight pick-up at the close may have reflected support in the U.S. from the New York Federal Reserve Bank.

So far this month, the dollar

Continued on Back Page

Price increases 'down to 5.8%'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE ANNUAL rate of price increases notified to the Price Commission fell in July from 6 per cent to 5.8 per cent. This was the smallest rise in the Commission index since last November, when the increase was also 5.8 per cent.

The July figures, published yesterday, show the rise in prices notified to the Price Commission over the past six months expressed as an annual rate.

Under Government price controls all manufacturing companies with a turnover in excess of £15m—the threshold was raised from £12m at the beginning of this month—have to notify the Price Commission of impending price rises. The threshold for notification of service companies has risen from £9m to £12m.

These rises tend to take from two to three months to be reflected in the main retail prices index. And as the composition of the goods and services priced for the two indices is different, the Price Commission index is taken only as an indication of the trend in price changes.

The latest figures provide confirmation that Government forecasts of 12-month retail price inflation of around 8 per cent for the rest of the year are likely to be realised.

This rate of inflation, which is an important part of the Government's hopes of securing wage restraint from the trade unions, was also suggested earlier this week by the fall in industry's raw material costs and the moderate rise in wholesale prices.

The July retail price index is due to be published next week. In June the 12-month index showed a 7.4 per cent rate of increases.

The Price Commission prefers to use a six-month comparison trend for its index rather than a 12-month view in order to give an earlier indicator of changes in the trend.

The Commission's index has been in single figures since last September and has stayed within a 2 per cent margin since. In July last year the six-month increase was running at a yearly rate of 14.3 per cent.

£ in New York

—	Aug. 10	Previous
Spot	$1.9530-9540	$1.9370-9380
1 month	0.65-0.59 dis	0.94-0.90 dis
3 months	1.50-1.44 dis	1.95-1.90 dis
12 months	4.80-4.60 dis	5.35-5.15 dis

New telephone peace bid as both sides agree to talk

BY NICK GARNETT, LABOUR STAFF

UNION OFFICIALS and the Post Office finally agreed yesterday to discuss the McCarthy proposals for settling the engineers' dispute which has been disrupting international business operations.

Although the decision represents a considerable breakthrough, sanctions applied by the Post Office Engineering Union, which have had a progressively worsening effect on international telephone calls and some postal services, will remain in force.

The two sides will probably meet early next week. The Post Office has already accepted the report of Lord McCarthy, the industrial relations expert, as a basis for settlement.

The union says it needs to discuss the proposals with the Post Office before it can commit itself to accepting them and sees the report only as a basis for negotiation.

The decision to meet was made yesterday during a special union executive committee to review its sanctions policy. It followed a day of contacts between union negotiators and Post Office management.

A Post Office statement said the meeting would be held "without prejudice" to the views of either party.

Since the McCarthy report, which proposes a reduction in the engineers' working week from 40 to 37½ hours, was submitted to both sides last week, the Post Office has made it clear that it did not want to negotiate with the union on the report unless sanctions were lifted and the union agreed beforehand to accept the report's framework. Those preconditions have now been removed.

The Post Office was still maintaining last night that it was not prepared to improve on concessions built into the report. The union will at least be seeking a firmer commitment towards a future reduction in hours to 35.

The McCarthy report proposes a two-stage reduction in hours linked to increased working flexibility, including staggered starts and manning changes, to cover the cost.

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FEATURES

For latest Share Index 'phone 01-246 8026

CHRYSLER EUROPE - the Peugeot/Citroën takeover

Whitehall relieved at likely end to draw on UK funds

By Philip Rawstorne

THE PEUGEOT bid is expected to be considered formally by the British Cabinet early next month at its first meeting after the summer recess.

Government ministers who have put over £80m. of public money into Chrysler during the past three years are to make a detailed study of the financial and employment guarantees being offered by the French company.

The first reaction in Whitehall yesterday however was one of relief that the heavy drain on Government funds might be ended.

Mr. Eric Varley, the Industry Secretary, who opposed the Government's rescue of Chrysler but lost the Cabinet battle then, is thought likely now to press his colleagues to let the deal go through.

Mr. Norman Lamont, Opposition spokesman on Industry, said last night that the Conservative Party had no objection in principle to the take-over and thought it should be given the green light.

"Naturally, any Government will want to safeguard its interests in previous agreements. However, the final decision ought to be for the commercial judgment of the Chrysler management."

Mr. Lamont added "Chrysler (UK) continues to cause deep concern by its performance. Hopefully, a change of ownership and management will lead to the improvements that are desperately needed. No company, French or American, is going to go on digging into its pocket indefinitely."

Mr. Geoffrey Robinson, Labour MP for Coventry North-West and former managing director of Jaguar, said last night that the terms of the deal would have to be looked at very carefully.

"Does Peugeot stand by all the undertakings of the previous Chrysler management on the maintenance of the operation in the UK? This will be the key question," he said.

Mr. Robinson said that he had already had informal discussions with the trade unions and expected to have talks with Mr. Varley within the next few days.

"I will not be any happier to have control from Paris than Detroit," he added.

Whitehall told only last Monday

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

INDUSTRY SECRETARY Mr. Eric Varley heard about the proposed Peugeot-Chrysler deal only on Monday this week from Chrysler chairman Mr. John Riccardo and the president Mr. Eugene Cafiero.

There were further hurried meetings with Chrysler and senior Peugeot executives on Monday and Tuesday.

It became clear at these sessions that the French were hoping that they could simply take over Chrysler's responsibilities in Britain, leaving the Government's position as a major financial backer virtually unchanged.

But, political considerations apart, there are technical reasons why it is not a simple matter to cross off Chrysler's name from the financing documents and insert Peugeot's instead.

Chrysler was allowed to buy its UK business—the old Rootes Group—in two stages, acquiring some shares in 1964 and then taking full control in 1967. This was after it became clear that a large infusion of capital and technical expertise would be needed to save Rootes.

That 1967 - arrangement included terms which gave the UK Government a major influence on any significant changes Chrysler UK's situation.

It was specified that Chrysler could not dispose of more than 30 per cent of its British subsidiary without the Government's permission.

So the proposed deal with Peugeot cannot go ahead until the Government has made up its mind. This will take at least four weeks, possibly six.

The Department of Industry is as anxious as any of the other parties to the proposed deal to clear up the uncertainties as quickly as possible. But the work involved is considerable.

The Department's formal statement last night said Mr. Varley "will need to consider very carefully the implications of this development.

"In particular he will be examining the possible advantages and disadvantages for the security and prosperity of Chrysler UK plants in Scotland and England as well as for the UK motor industry and the economy generally."

Mr. Varley will clearly want to see just how far the French will be prepared to go towards giving undertakings about the future of the UK plants. Formal written undertakings about continuity of employment, future investment and other sensitive issues will be crucial to securing the Labour Government's approval.

Exploratory talks along these lines obviously have a long way to go. Mr. Varley also has more than Chrysler to consider. He will certainly be seeking the views of BL, formerly British Leyland, to see if the state-owned car maker has any violent objections.

And he cannot afford to ignore the views of the other Americans in Europe, Ford and General Motors, because it is essential that they should continue to see Britain as a good country in which to invest.

An important consideration, from the Peugeot viewpoint, is that the UK government be prepared to continue its financial backing for the Chrysler UK operations.

It apparently came as something of a shock to the French when they were told that this was not necessarily the case.

Since Chrysler UK ran into another major financial crisis at the end of 1975 and it seemed likely that the U.S. parent would pull out for good, the British Government has provided grants of £51.5m to help cover losses and a further £30m in loans for capital investment.

The Government is also currently committed to provide £25m more in loans and to provide more cash towards losses, if they occur. This is limited to a maximum of £7.5m this year and £5m in 1979.

In the first six months of this year Chrysler UK suffered losses on £532,000. The performance was hit by industrial disputes, particularly at Linwood.

If the industrial atmosphere cools, the company could at least break even in 1978, thus eliminating the need for Government cash on that score.

However, Peugeot will certainly want the £25m loan facility to continue.

The haggling will continue through the holiday month of August. And the final agreement will certainly be influenced by the fact that a general election is not far away. The Government will want to be seen to be getting a good deal from the French on behalf of Chrysler's British workforce.

Eric Varley, Industry Secretary: told only on Monday...

John J. Riccardo, Chrysler boss.

WHO PRODUCED WHAT IN EUROPE LAST YEAR

	Passenger cars	Commercial vehicles
PSA PEUGEOT CITROEN		
Peugeot (France)	676,109	105,786
Citroën (France)	667,280	68,779
Total	1,343,389	174,565
CHRYSLER		
Chrysler (France)	476,565	28,533
Chrysler (UK)	169,492	15,645
Chrysler (Spain)	96,435	5,294
Total	742,492	49,472
TOGETHER:	2,085,881	224,037
VOLKSWAGEN		
VW (West Germany)	1,208,867	93,382
Audi NSU (West Germany)	317,928	—
Total	1,526,795	93,382
RENAULT		
Renault (France)	1,259,038	174,571
Fasa Renault (Spain)	224,358	—
Total	1,483,396	174,571
Fiat (Italy)	1,200,707	141,390
GENERAL MOTORS		
Opel (West Germany)	922,304	2,863
Vauxhall (UK)	93,237	91,747
Total	1,015,541	94,610
FORD		
Ford (UK)	406,633	148,369
Ford (West Germany)	542,750	—
Ford (Belgium)	305,589	32,849
Ford (Spain)	213,268	—
Total	1,468,240	181,218
British Leyland (UK)	651,069	119,904
Daimler Benz (West Germany)	409,090	174,091
Seat (Spain)	346,535	—
BMW (West Germany)	284,771	—
VOLVO		
Volvo (Sweden)	171,800	30,100
Volvo Car BV (Netherlands)	54,000	—
Total	225,800	30,100
Alfa Romeo (Italy)	201,118	2,057
Saab Scania (Sweden)	76,498	21,652

Source: Economist Intelligence Unit

Unions wary of threat to jobs

BY OUR LABOUR EDITOR

PEUGEOT'S plans came like a bolt from the blue for workers and managers at Chrysler's UK motor plants in Coventry and in Linwood, Scotland.

One of the first reactions of both sides was that a takeover could improve the chances of the ailing British subsidiary. But shop stewards and local union officials, who will be meeting today to look at the plan in more detail, will want to know what the implications are for jobs.

The news reached senior stewards just before the end of the working day. Workers streaming out of the gates at the Stoke and Ryton plants in Coventry seemed confused, but showed little concern about the future. Many shrugged it off as something outside their control.

The biggest union in the British subsidiary, the Transport and General Workers Union, said the move could be a blessing for the UK plants, provided jobs were not to be put at risk.

Mr. Grenville Hawley, TGWU national secretary for the industry, said last night: "We were rather worried about the financial situation of the company." Investment would be needed in new models after 1980 and there had been no sign that the British Government would provide more.

The key to the plan was how the dealer network was to be treated and whether the takeover would mean a further incursion of foreign made cars into the British market.

Mr. Terry Duffy, national official for the Engineering Union responsible for the motor industry, said last night: "My immediate reaction is concern for the job security of our people who work in Chrysler UK. I want to know if there are any safeguards. It could be that the French are buying out the competition. But if they plan to expand we would not be so concerned."

Mr. Duffy said that the unions and Government should have been consulted in view of their contribution to the rescue of the UK operation.

Chrysler's announcement was well received on the New York stock exchange where by early afternoon it was the third most active stock gaining \$1¾.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, described the plan to take over Chrysler as "potentially destructive of thousands of British jobs."

He said the way the deal had been negotiated had brutally violated Chrysler UK's planning agreement with the British Government.

Under the agreement the company had to give long term advance notice of what it was doing. "This was plainly not done in this case."

Mr. Jenkins said: "Chrysler Corporation is behaving in a desperately irresponsible way. Plans for rationalisation clearly spell major difficulties for the UK workers."

"One can only question the basis of non-legal planning agreements when a handful of men in Detroit can put at risk the futures and homes of so many British and European workers without compassion or civilised consultation. They must be checked."

Mr. Phil Povey, a regional official of the Engineering Union, said: "Shop stewards are certainly not dancing in the streets or lighting any bonfires, but of course the plan could become a life-saver. We all know that Chrysler is in need of finance to support new models, and this is one way of safeguarding the firm's future.

"We have not heard of any closures or labour trimming, and obviously we would resist these."

One senior Chrysler executive in Coventry said: "The fact that we will be part of Europe's biggest motor manufacturing group must give us strength."

Mr. Pat Fox, Transport Workers convener of shop stewards at Ryton, where the stewards will today be looking for more information from the company, commented: "We are told that the deal will offer extra security of employment. I am sure that was said at the time Chrysler took over the old Rootes company."

Spanish management excluded from talks

BY ROBERT GRAHAM

MADRID, August 10.

THE MANAGEMENT of Chrysler Espana, 97 per cent owned by the parent company, learned only yesterday of the Citroen Peugeot takeover. Excluded from the negotiations and just recalled from holidays, company executives were completely taken by surprise.

Chrysler is Spain's fourth largest car manufacturer accounting for 10 per cent of production and 12 per cent of sales. Its locally-built industrial vehicles account for 30 per cent of medium and heavy truck production in Spain. Further, the company has a lucrative contract with the Defence Ministry refurbishing Spain's ageing M-47 and M-48 tanks.

The most intriguing question is the extent to which Chrysler Espana and Citroen Espana, 45 per cent owned by Citroen-Peugeot, will now seek to integrate in the Spanish market. Citroen has a growing manufacturing capacity here and has just opened a new plant at Orense. Citroen is currently the fifth (and smallest) of the local car manufacturing operations, taking 10 per cent of production and 11 per cent of local sales (mainly accounted for by the GS model sales). Against Chrysler's domestic sales of 35,456 in the first six months of the year, Citroen sold 33,216. If the two group's Spanish sales are combined they immediately become the second largest group in Spain behind SEAT.

Last year, Chrysler discontinued production of the Simca 1,000. It is now concentrating primarily on the 150 (known as the Simca 1307) and the 180 models. On a 1977 turnover of Pta 41.7bn (£275m) exports accounted for Pta 3.37bn (£22m). Chrysler channels its European exports all through Chrysler France.

After a difficult financial period in which investment was being amortised and adjustments made at the Madrid plant—bought from Barreiros—the company is now understood to feel in much improved financial shape. Last year, for the first time profitability began to show with a net profit of Pta 710m (£4.7m). The main thrust of this profitability is said to have come from the truck division. Another area is renovating the army's tanks. It has just received two orders to renovate a total of 110 M-47 and M-48 tanks worth \$220,000 each, having already refurbished 330. This military aspect of Chrysler's Spanish activity that also covers making and repairing diesel engines, tank tracks and M-113 APCS (Armoured Personnel Carriers) is considered an important asset.

OTHER EUROPEAN NEWS

Cardinals set date for Rome conclave

By Paul Betts

ROME, August 10.

THE CONCLAVE of the Sacred College of Cardinals will assemble on August 25 to elect a successor to Pope Paul VI, the congregation of Cardinals present in Rome decided today.

The election will follow the traditional nine-day period of mourning — or the "novem diales"—after the funeral and burial of the Pope on Saturday. Pope Paul will be buried in the Vatican crypt near his predecessor Pope John XXIII.

The embalmed body of Pope Paul today lay in state clad in red papal vestments on a catafalque in the Basilica of St Peter's in Rome. Crowds of pilgrims and tourists continued to file past.

For the first time, the European cardinals will be outnumbered in the conclave giving rise to speculation here that the next Pope could be a non-Italian for the first time more than four centuries. However, the election of another Italian Pope is thought to be more likely.

In many respects, the conclave will see several innovations introduced under Pope Paul. For instance, the sealed-off part of the Vatican Palace where the cardinals will be locked in will be checked for electronic and other devices to guarantee secrecy.

Iceland PM admits failure

REYKJAVIK, August 10.

MR. GEIR HALLGRIMSSON, Iceland's Prime Minister, has conceded that he has failed in an attempt to build an all-party national government able to cope with the country's grave economic troubles. His announcement was made last night

Mr. Hallgrimsson remains as caretaker premier, a role he has held since elections on June 25 left no group able to command a parliamentary majority. He said he would now try for a three-party coalition of his own Right-wing party, the Centrist Progressive Party and the Left-wing Social Democrats.

Inflation in Iceland is running at 60 per cent and the vital fishing industry faces severe losses. Some fish freezing plants have already closed and others are threatening to follow suit.

Reuter

Bonn sees advantages in dollar's renewed fall

BY JONATHAN CARR

BONN, August 10.

WEST GERMAN Government and monetary authorities are treating the renewed fall of the dollar below DM 2 with marked stoicism—recognising that the current situation is not wholly without advantages.

Count Otto Lambsdorff, the Economics Minister, described the decline of the U.S. currency as a cause for concern but quickly added that it would make the country's imports, including oil, cheaper.

The Bundesbank Council in Frankfurt discussed the dollar's fall in its first meeting today after the summer break. But it announced no major decisions, such as a drop in the discount rate which some market sources had previously thought possible.

It is also clear that the Bundesbank has been intervening little to counter the dollar's drop, evidently feeling that the U.S. currency is not undergoing "erratic fluctuation" so much as fairly smooth decline. After dropping below DM 2 on Tuesday on the Frankfurt exchange for the first time since March, the dollar fell to DM 1.97 yesterday but climbed back a little today, closing at DM 1.98.

There are three main reasons why the Germans are far from panic — although this would clearly change if the movement out of dollars into D-marks became a stampede.

First, while the movement of the West German currency appears fairly dramatic in the short term, it is much less so when measured against the position at the end of last year, despite the "dollar crisis" in between.

Bundesbank figures show that at the start of this week the Deutsche Mark had revalued since end-1977 against the currencies of West Germany's 22 main trading partners by only 1.3 per cent—a figure which will now be higher but not much.

Over the same period, the Deutsche Mark revalued by close to 5 per cent against the dollar, but devalued by more than 17 per cent against the yen, more than 10 per cent against the Swiss franc, and by 2.5 per cent even against the French franc. In other words the argument that currency movements this year have been to the disadvantage of West German exporters requires qualification.

Second, the latest currency developments come at a time of concern in West Germany that interest rates may be firmly on the rise—with some feeling that Government borrowing is in part responsible for this.

Both the Finance Ministry and the Bundesbank this week strongly challenged this interpretation. One reason given by the Bundesbank for the rise was that the earlier big influx of foreign funds into West Germany reversed itself after March — inevitably having its impact on the capital market.

According to this argument, a new influx of funds — so long as it does not get out of hand—can benefit a West German economy hungry for low interest rates and more investment.

Finally, the currency movements are seen this time as having their origin less in the presumed difficulties of the U.S. economy or the strength of the West German one, but rather in Japan.

It is felt that in the wake of the Western economic summit conference in Bonn, the yen, for whatever reason, has at last been moving up towards a level foreigners feel justified in view of the huge Japanese trade surplus.

Those who have made gains through the rise in the yen have now moved on to other potential candidates for revaluation. Inevitably the Swiss franc and then the Deutsche Mark have been the front runners.

Catalan labour council set up

BY DAVID GARDNER

BARCELONA, August 10.

THE SEMI-AUTONOMOUS Government of Catalonia, the Generalitat, has agreed to set up an executive council around its Ministry of Labour, which will incorporate the main trade unions in the area.

The Generalitat will have to wait for the constitution to be approved by referendum, probably in the autumn, before it will have any real executive power transfered to it from the central Government.

But the political and moral authority vested in the Labour Ministry as a result of this move will allow it to play a role beyond, for example, the power of ACAS in the UK.

Previous attempts by the "Conselleria de Treball" to mediate in industrial disputes had usually been rejected, mainly by employers. The appointment of a member of the General Workers' Union, affiliated to the Socialist Party, to head it, in an area where the Communist-led Workers' Commission won recent factory council elections by a higher margin than anywhere else in Spain, had made both employers and workers reticent about its worth.

Its attempts, for example, to mediate in the dispute at the motor manufacturers' SEAT last March, when the company put its workers on short time in an attempt to reduce stocks, was first rejected by employers, then regarded with increasing suspicion by the workforce.

All important union groupings in Catalonia recognise the setting up of the executive council as a step towards normalising industrial relations in the area, the most troubled in Spain in recent months, although some sections of labour suspect it of being a novel method of attempting to reach a "social contract" in Catalonia.

But whether it will play a significant role in improving Catalan industrial relations depends on whether the Government is prepared to endow it with real power. This, in turn, is likely to depend on the strength of the Left in elections to the Catalan Parliament, once the process of devolution is properly under way.

Dissident reported about to go on trial

By David Satter

MOSCOW, August 10.

MR. ALEXANDER PODRABINEK, a 25-year-old dissident who investigated the abuse of psychiatry in the Soviet Union, will go on trial next week on charges of defaming the Soviet state, his friends said here today.

The charges against Mr. Podrabinek, which carry a maximum sentence of three years in a labour camp, are apparently based on the book he wrote called "Punitive Medicine," which circulated in typescript in Moscow and reached the West.

Mr. Podrabrinek, an ambulance driver and founding member of the Soviet Helsinki agreement group sub-committee which devoted itself exclusively to documenting instances of psychiatric repression, was interviewed on three occasions last year by the KGB.

Each time he was threatened with a long labour camp term if he did not agree to testify against Dr. Yuri Orlov, founder of the Helsinki group, he said later. On each occasion he refused, and was arrested on the eve of Dr. Orlov's trial last May on charges of anti-Soviet agitation.

Mr. Podrabinek is to be tried in Electrostal, the industrial city 40 miles east of Moscow where he is registered as a resident. He is to be defended by Mr. Yuri Shalman, the lawyer who defended Dr. Orlov. But Mr. Louis Blom-Cooper, the British barrister—has reportedly also accepted Mr. Podrabinek's request to defend him and is waiting for a Soviet entry visa.

The Helsinki Group subcommittee on psychiatric repression produced several reports charging that Soviet psychiatrists co-operate with KGB men in persecution of dissidents. The Soviet authorities have been very sensitive about such charges and Mr. Vladimir Bukovsky, the first dissident to send documented case histories to the West was later sentenced to 12 years in prison and exile.

There has been overt pressure on Mr. Podrabinek to emigrate in recent months and last March his brother Kirill was sentenced to two and a-half years in a labour camp for ilegal possession of a firearm in what dissidents described as an action directed partially against Alexander.

PORTUGAL'S NEW LEADER

A delicate political task

BY JIMMY BURNS IN LISBON

ACCORDING to Sr. Alfredo Nobre da Costa, Portugal's new Prime Minister, the first task of his Government will be to prepare an updated electoral law. Thus, despite the apparent settlement of a two week long political crisis afforded by his appointment, Sr. da Costa is the first to realise that Portugal's problems are far from over.

Sr. da Costa over the next few days will have the difficult task of choosing a Government; once formed, his choice will then have to be formally approved by the Portuguese Parliament. Were Sr. da Costa's Government to fail in gathering the necessary support, it seems clear that President Eanes would then have no choice but to convene a general election.

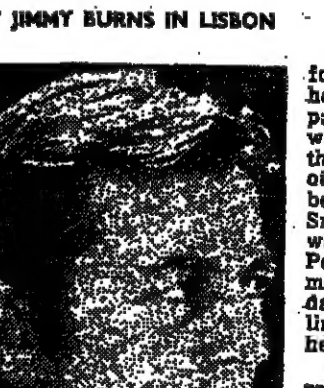
What chances, then, does Sr. da Costa have of finding the vital consensus that would prevent the Italianisation of the Portuguese situation—an endless series of broken governments and political crises?

The choice of a civilian rather than a military man for the post of Prime Minister has in very general terms responded to the wishes of the majority of the political parties. As the chances of a fresh alliance between the Socialists and the Conservatives dwindled, and as the President was forced increasingly into taking the initiative, the parties rallied behind the very reason for their existence: Portuguese democracy.

The Socialists, led by the dismissed Prime Minister, Dr. Mario Soares, were particularly emphatic in claiming that the appointment of a soldier to the Premiership would invest the Portuguese armed forces with a dangerously manageable set of powers. President Eanes is himself chief of the armed forces and, by the terms of the constitution, the military council of the revolution is empowered to veto Government legislation.

Despite this broad Parliamentary consensus in favour of Sr da Costa as a civilian, initial reactions to his appointment show the Left and Right in Portugal to be divided.

The Socialists still maintain, as they have done throughout the political crisis, that one of their own men should have again been entrusted with leading the country. They base themselves on an interpretation of Article 190 of the present Portuguese constitution which states that a new Prime Minister should be appointed with "due regard being had to the election results."



Sr. Alfredo Nobre da Costa

The Socialists, having won Portugal's last general election with 32 per cent of the vote, argue that the Article necessarily implies them.

The Communists do not agree with this constitutionalist argument, but nevertheless have their own reasons for feeling distinctly unenthusiastic about Sr da Costa's appointment. As the undisputed patron of Portugal's union movement, the Communist Party now recalls with a shudder Sr da Costa's tough tactics as Minister for Industry during 1976 and part of 1977.

Such fears are apparently not shared by Portugal's more conservative and Right-wing sectors. The country's two leading Right-wing newspapers, O Dia and Tempo, were this morning full of praise for the "Presidential choice," echoing the initial remarks of conservative leader Dr. Diego Freitas do Amaral.

Two weeks ago Sr. Amaral withdrew his three conservative Ministers from the governmental alliance, having accused the Socialists of not complying with the pledges of their jointly conceived programme. To the conservatives as well as to the more Right-wing Social Democrat Party (PSD), Sr. da Costa appears acceptable as a doer rather than a talker, something which Portugal still desperately needs at a time of pressing economic problems, they feel.

In addition to being Minister for Industry, Sr. da Costa has held a number of important company posts. During the Right wing Caetano regime he was on the Board of SACOR, the State oil company, and was reputed to be a close adviser and friend of Sr. Antonio Champalimaud, who was then in charge of one of Portugal's largest industrial monopolies. Sr. da Costa is today renowned as being firmly linked to the business community here

O Dia today quoted what is reported to be Sr. da Costa's guiding principle: "It is better to take 10 decisions and be mistaken in three of them than not to take any at all." And both the banking and business community continue to believe in firm decisions.

Clearly, the reactions from Left and Right appear to indicate that Portugal has reached a very delicate political situation. There are some independent observers, for example, who argue that the collapse of the Socialist-Conservative alliance two weeks ago was a moment of historical proportions, and one which culd now have tragic consequences for the future of Portugal.

So, the argument goes, the alliance while in office gave Portugal a measure of stability lacking since before the revolution. In particular, by contrast to the bickering and hesitancy which characterised the last days of the minority Socialist Government before it fell last December, the alliance, led by the able Minister of Finance, Dr. Vitor Constancio, appeared to take a much more tougher realistic line on the country's economy.

Perhaps the best example of this was the agreement signed with the International Monetary Fund in May, which in turn seemed to boost international confidence while opening up over \$750m worth of Western-backed aid.

In addition to the official Government pact, defenders of the alliance emphasise that there was an equally important extra-official working relationship with the Communist Party which ensured a measure of peace on the industrial front.

Yet as convincing as the argument goes, it has become apparent in recent weeks that the stability ensured by Portugal's second constitutional Government was perhaps more apparent than real.

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OVERSEAS NEWS

Japanese business leader urges cuts in tax, interest rates

BY ROBERT WOOD TOKYO, August 10.

A PROGRAMME of economic stimulus including an income tax cut of Y2,000bn ($10bn), a 0.5 per cent cut in the official discount rate, and Y3,000 bn ($16bn) in supplementary appropriations during the current fiscal year, was proposed today by Mr. Shigeo Nagano, president of the Japan Chamber of Commerce and Industry.

Similar proposals for supplementary spending had recently come from other business organisations, but Mr. Nagano was the first businessman to call for an income tax cut of such size and one of the first to call for a new reduction in interest rates. The official discount rate is already at a record low of 3.5 per cent.

He urged that the income tax cut be implemented by rebating Y100,000 ($500) to every Japanese household, giving citizens enough money to buy more durable consumer goods. Japan has never rebated a comparable amount of money.

The largest previous tax rebate gave Y15,000 to a typical family of four members. Mr. Nagano said that the 1975 tax rebate in the U.S. had proved an effective stimulus to the economy.

In addition to fiscal and monetary steps, he proposed several measures to reduce Japan's balance of payments surplus, including the use of excess dollars to acquire mining concessions abroad.

Mr. Nagano made his proposals in a meeting with Prime Minister Takeo Fukuda. The Japan Chamber of Commerce and Industry is a federation of local chambers and Mr. Nagano is also chairman of the Tokyo Chamber of Commerce and Industry.

Japan is now debating the economic measures it should take this autumn. A supplementary budget and possibly a tax cut are expected to be enacted at a special session of the Diet (parliament) in September. But the Finance Ministry, where Mr. Fukuda once worked as a bureaucrat, is expected to try to keep both small, because the Government is already depending on national bonds for 37 per cent of its revenue.

Call for big increase in research spending

BY OUR OWN CORRESPONDENT TOKYO, August 10.

THE KEIDANREN (Federation of Economic Organisations) has urged the Japanese Government to increase research and development spending by more than 250 per cent in real terms over the next three years. The largest portion of the increase would be spent on nuclear power research. Mr. Toshiwo Doko, the President of the federation, took the request directly to Mr. Takeo Fukuda the Prime Minister, in a meeting with him yesterday. The Keidanren is Japan's principle business organisation.

The Government spending for research and development will be Y450.75n ($2.4bn) in the current fiscal year, according to the Keidanren's calculations. It proposed that the spending be increased to Y1,160bn ($6.2bn) by 1981.

Nuclear power research, which will cost Y141bn this year, would rise to Y416bn ($2.2bn) by 1981. Space development expenditure would rise from Y86bn to Y175bn.

The money spent on other grants and subsidies primarily directed at practical research and development would increase more than three and a half times—from Y93bn to Y340bn ($1.8bn). Included in this category are research on new forms of energy, and medical and other life science research. None of these programmes is nearly as large as the nuclear and space programmes however.

The Keidanren said administrative costs and subsidies for research institutes engaged mainly in pure research should increase more slowly than the other forms of research and development, but it did not specify how much should be spent on them in 1981. Japan already devotes a smaller portion of its research and development expenditure to pure research than other countries.

Mr. Doko proposed a special lottery and issuance of public bonds to secure extra funds for science and technology development.

Israel may make new decisions —Begin

By David Lennon

TEL AVIV, August 10.

ISRAEL WILL have to take new decisions before the Middle East summit meeting at Camp David on September 5, Mr. Menahem Begin, the Prime Minister, said today after a special meeting of the Cabinet.

The Premier said that the Government will hold "prolonged and basic" political discussions during the weeks prior to the tripartite meeting with Presidents Sadat and Carter.

The Cabinet will have to examine all the papers relevant to the Summit discussions, Mr. Begin told reporters, adding his belief that the Israel peace plan presented to Egypt at Ismaliya last December was still a good one.

The Prime Minister announced that he was going to resume the holiday which he had interrupted when news of the Summit meeting was announced.

It is believed that Mr. Begin will utilise his time to reassess the Israeli negotiating position and to do the thinking which he said last night was essential in the light of the new situation.

Israel is expecting President Carter to try to persuade the sides to agree on principles for a Middle East settlement. Previous efforts to reach the declaration of principles foundered on the question of Israeli withdrawal from the occupied West Bank and the role of the Palestinians in the peace talks.

During the coming weeks, Israel will concentrate on finding a new formula on these issues which will satisfy all parties, or at least enable Israel to avoid being branded as an obstacle on the path to peace.

Uneasy ceasefire in Beirut

By Ihsan Hijazi

BEIRUT, August 10.

A CEASEFIRE got underway here today between Syrian troops of the Arab peace-keeping force and Christian militias. The Syrians redeployed their forces in Christian quarters. While militia commanders issued strict orders for observing the truce in one quarter, Ashrafiyah Militiamen were instructed not to circulate with their weapons or in uniform.

The redeployment was intended to avoid friction between the two sides. Units of Lebanese gendarmes took up positions in hot spots, while army contingents are manning the "greenline" between the predominantly Christian East Beirut and the predominantly western sector of the capital.

The ceasefire arrangements were worked out at meetings by President Elias Sarkis with Mr. Amin Gemayel, of the Phalange Party, the main christian group and Mr. Dany Chamoun, commander of the militia of the National Liberal Party.

Lieutenant-Colonel Sami al Khatib, Lebanese commander of the Arab peace-keeping force, acted as a go-between with Syrian officers.

Officials were hopeful the truce would end the fighting which has been going on for the past month and a half and which claimed the lives of about 300 people and left some 40,000 civilians homeless.

It was pointed out, however, that Syrian troops will not at this stage withdraw completely from Christian districts as the right-wing groups want, nor will there be a total demobilisation of the militias there.

Observers noted that the situation has not basically changed, but President Sarkis and his Government hope to exploit the quiet in working out a plan of action which will ensure a more durable peace.

Victories against Ethiopia locusts

NAIROBI, August 10.

MORE THAN 50 locust swarms have been destroyed or controlled in Ethiopia and Somalia in the last three months, a senior control official said today.

Mr. Adefris Bellehu, director-general of the Desert Locust Control Organisation of Eastern Africa (DLCOEA), said some 70 swarms were sighted in the two Horn of Africa countries in the last three months.

"Over 30 swarms were intercepted and destroyed in Ethiopia and about 21 swarms were controlled and destroyed in Somalia and Djibouti," he said.

Britain today handed over eight Land-rovers for use throughout the seven countries of the DLCOEA.

Reuter

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LIFE IN THE GAZA STRIP AREA

Caught in the crossfire of peace

BY DAVID LENNON, RECENTLY IN GAZA

THE GAZA STRIP, which with the West Bank is at the heart of the Israel-Egypt peace negotiations, is a quietly booming place whose inhabitants want an end to Israeli rule but not a total severing of the ties established during the past 11 years.

Just south-west is the Rafah salient, now called the Yamit district where Jewish settlements have been built to cut the Strip off from the Sinai peninsula. The mood there is one of uncertainty and apprehension following Israel's announced willingness to return the area to Egyptian sovereignty.

Work is plentiful in Gaza, and armed protest at a minimum. Some of the 175,000 refugees living in the squalid camps dotting the sandy sliver of land are building new houses on land allocated by the military government.

In the Yamit district, however, private construction is at a standstill and the only apparent sign of development is a Government housing project in the Yamit urban settlement. The farmers in the surrounding agricultural settlements are reluctant to plant orchards or any other crops which will yield their fruits only in five years' time.

Six years ago, the Gaza strip was the most dangerous place under Israeli rule. Terrorist attacks were frequent, and Israelis drove through it with the windows of their cars firmly shut against bomb throwers. Today cheering children wave and shout "shalom" whenever groups of visitors enter the refugee camps.

In the Yamit district settements the hospitality is warm, but the talk is of disappointment and worry over the Government's intentions. The stalemate in the peace negotiations is viewed here with more satisfaction than sadness. Perhaps a new approach, leaving the settlements on the Israeli side of the new border, will now be tried, some say hopefully.

In Gaza, the hope for an end to the occupation which was born with the Sadat initiative has not died. They are convinced that a peace agreement will be reached. The current deadlock is just part of President Sadat's tactics to win better terms in the bargaining, they say. Peace will come, it may take time, but even the Israelis must realize that they cannot retain the territories and have peace, it is said in Gaza.

The two areas have little in common, apart from the knowledge that their futures will be profoundly affected by the outcome of the peace negotiations.

The Gaza strip's 360 square kilometres contains some 450,000 inhabitants. Overcrowding is evident everywhere, especially in the eight refugee camps. But it is hardly less dense in the strip's four towns and seven villages.

The Yamit district has nine farming villages and the embryo town of Yamit. Absolute population figures are hard to come by, but from talks with the residents it appears that there can be little more than 3,000 Jews living there.

The limited number of people seeking to move into the area seem to be mainly opportunists gambling on the compensation they would receive from the Government if the area were returned to Egypt.

Security is tight in Gaza, and the Israeli military rulers talk tough, but the residents are flourishing economically. As long as they confine their political aspirations to mild criticism of the occupation, and refrain from armed action, they can live better now than ever before.

The Yamit district settlements were built as a physical barrier blocking the route into the heart of Israel from the Sinai through the Gaza Strip. The settlements are fenced off, but look too frail to slow down armoured divisions rolling northwards. The will of the inhabitants to fight to defend the homes the Government has offered to give to Egypt must be in some doubt.

The wealth which has poured into Gaza from wages of the 30,000 plus residents who work in Israel, and from the exports of agricultural and industrial products promoted by Israel is something few Gaza residents would be willing to forgo in a peace settlement.

Kruger lists prisoners

By Bernard Simon

JOHANNESBURG, August 10.

THE South African Minister of Justice, Mr. J. T. Kruger, has disclosed that there are 55 security trials, involving 51 people, currently pending in South Africa.

In an interview with an opposition MP, Mrs. Helen Suzman, Mr. Kruger also revealed that 144 people were being held in custody under Section 6 of the Terrorism Act. 77 prospective witnesses have been detained, while 21 people are in "preventive detention."

In Grahamstown yesterday, Mr. Barney Pityana, a former secretary general of the South African Students' Organisation (SASO) and a close associate of the former Black Consciousness leader Mr. Steve Biko, was released from prison after almost a year in detention. Mr. Pityana was detained in August 1977.

Tribal chiefs support Nkomo

BY TONY HAWKINS SALISBURY, August 10.

REPORTS THAT Mr. Joshua Nkomo of the Patriotic Front would be ready to attend an all-party conference on Rhodesia comes at a time when his position seems to be gaining strength.

He has received a vote of confidence with a unanimous call from traditional leaders in his native Matabeleland in western Rhodesia to return home.

The tribal chiefs and headman have rejected a transitional Government suggestion that they nominate an Ndebele leader to join the transitional Government. The three black members of the executive council are all members of the majority Shona tribe. The chiefs described Mr. Nkomo as their only true leader and urged the Government to open direct talks with him. Reflecting also the growing tribal nature of Rhodesia's political and military conflict, the Matabeleland chiefs demanded that in any new constitution the country be divided into two regions—one for the Shona and one for Ndebele.

Parliamentary representation, they claimed, should be similarly split between the two main tribal groups, despite the fact that the Shona constitute nearly 80 per cent of the country's blacks and the Ndebele and their associated Kalangas only 21 per cent.

Political observers here have been quick to point out that it is not only the whites, but also the Ndebele, who have their reservations about majority rule.

Mr. Nkomo's position is quite central to the transitional Government's strategy insofar as an all-party conference is concerned. For Salisbury there are really only two good reasons for attending a conference, since almost everyone here is convinced it would end in deadlock and disarray. One reason would be to demonstrate internationally a willingness to solve the problem as peacefully as possible. Rhodesian sources are convinced that the Patriotic Front of Joshua Nkomo and Robert Mugabe would make such extreme demands at the table—including a handover of power in the transitional period to the Front—as to ensure that there could not be a positive outcome.

The second reason for going is in the hope—which looks to be extremely remote at this stage—of splitting the Nkomo-Mugabe alliance. On this issue—if on nothing else—Salisbury London and Washington are united. It is increasingly recognised in Salisbury that without Mr. Nkomo it will be very difficult indeed—if not impossible—to hold successful free elections. This is not only because of the military situation but because there will be a very low urban voter turnout in Bulawayo which is the Ndebele leader's stronghold.

UK workers for Zambia

By Michael Holman

LUSAKA, August 10

BRITAIN is prepared to supplement the salaries of 200 UK recruited staff for Zambian state-owned companies (parastatals) hard-hit by a shortage of skilled manpower, Mrs. Judith Hart, the minister for overseas development, announced in Lusaka this week.

The staff will arrive over the next five years, and the first recruits are not expected until next year. The offer was welcomed by the Zambian minister for Economic and Technical Co-operation, Mr. Peter Matoka, an dit comes against a background of widespread criticism of parastatal efficiency. A parliamentary select committee report tabled this week spoke of poor management, theft and corruption in state-owned companies.

Britain is also prepared to expand training in Britain for Zambians at middle management and foreman level.

AMERICAN NEWS

Carter tax cut Bill faces hurdle in House

By David Buchan

WASHINGTON, August 10

THE CARTER administration will face what is virtually its last chance to get through Congress a tax cut package which it would consider fair and equitable, when the House of Representatives later today takes up the $16.3bn tax cut Bill approved by its Ways and Means Committee.

The Administration strongly opposes the Bill which emerged from Ways and Means as being too generous in capital gains tax relief to richer Americans, and too mean in respect of cuts to benefit people in the lower-income brackets. In a belated counter-attack, the Administration last week put its weight behind a substitute Bill for an $18.1bn tax cut package, on which the House will have a chance to vote today. This proposal would reduce the amount of capital gains tax relief by $300m, but would increase income tax cuts for poorer individuals.

The level of tax cuts for business—such as increased investment tax credits and a lower top rate of corporation tax—are not a divergence between the two versions of the Bill. Nor is the size of the overall package, though the Administration originally asked Congress for $20bn in tax cuts which the White House considered necessary to provide a stimulus to the economy, the growth of which this year is unlikely to reach 4 per cent.

But House Republicans are pushing for a 33 per cent tax cut across the board over three years, which would bring the tax cuts up to $25bn in 1979, and even more in subsequent years. A straight party fight is likely to develop when the House comes to consider the proposal.

NYC newspaper workers walk out after talks collapse

BY JOHN WYLES

NEW YORK, August 10.

NEW YORK CITY was without its three daily newspapers this morning following a walk-out last night by press room operators in a dispute which could have far-reaching implications.

After several months of negotiations reached a fruitless climax last evening, management at the New York Times and the Daily News unilaterally imposed new working patterns which would reduce their press room manning by around 50 per cent.

The afternoon newspaper, Mr. Rupert Murdoch's New York Post, followed suit this morning.

As they had threatened, pressroom workers walked out in protest and their picket lines are being honoured by most of the eight other unions represented at the newspapers.

Although the newspapers say that their proposals would reduce manning levels through "attrition" or natural wastage, they would severely hit part-time workers who are brought in to cover larger than normal print runs and to replace absentees. The pressmen's union has not publicly spelled out its position but protection for part-time workers is thought to be one of its primary goals.

No further negotiations have been scheduled and a lengthy strike may be in prospect. Both the New York Times and the Daily News have the backing of financially strong companies and are believed to be modestly profitable, but the New York Post is reportedly losing around $3m a year and questions will inevitably be asked about Mr. Murdoch's willingness to continue the newspaper if the stoppage proves to be lengthy.

Half a dozen New York City dailies have closed down since 1962 when the typographers' union staged a 114-day shutdown.

Increase in wholesale price index slows down

U.S. wholesale prices, as measured by the producer price index for finished goods, rose by a seasonally-adjusted 0.5 per cent in July, following a 0.7 per cent increase in June, the Labour Department said, Reuter reports from Washington.

The July rise was the smallest increase since March, when the gain was also 0.5 per cent. The increase in wholesale prices has not, however, been below 0.5 per cent this year. In the past 12 months, the index has advanced by 8.1 per cent and now stands at 195.9 per cent of its 1967 base.

Finished wholesale prices of foods dropped by 0.3 per cent, following a 1.1 per cent increase in June—the first decline in food prices since last September.

Teamsters begin Pan Am strike

THE International Brotherhood of Teamsters has said it has begun an official strike against Pan American World Airways, Reuter reports from New York. Talks on a new country The statement was pickets are out all over the country. T he statement was issued by the Teamsters' chairman of the union negotiating committee for the Pan Am contract talks, Mr. William F. Genoese.

U.S. crude output

Daily production of crude oil by U.S. petroleum companies totalled 8.9m barrels in the week ended August 4, down by 54,000 barrels from the total of a week earlier, but up from 8.4m barrels in the equivalent week of 1977, the American Petroleum Institute reported, AP-DJ writes from Washington.

Meanwhile, Reuter reports from Paris that U.S. oil consumption declined slightly in May to 18.99m barrels a day from 19.2m in April. First estimates for June suggested a further drop in demand to 18.8m, according to the OECD.

PoW allegation

A Vietnamese refugee has testified before a Congressional panel that he saw 46 U.S. prisoners of war alive in Vietnam as late as April last year, Reuter reports. Mr. Ngo Phi Hung, who fled Vietnam in February and arrived in the U.S. last month, made his statement before a House of Representatives sub-committee on Asian Affairs. His testimony was strongly disputed by a senior administration official.

Barbados base

Barbados has said that it had rejected a U.S. offer of $750,000 as rent for a military base at St. Lucy in the north of the island, but added it was still prepared to negotiate terms, Reuter reports from Bridgetown. An official government statement said the offer had been rejected at a meeting of senior officials here on July 27. Unofficial reports have said that Barbados was asking $20m for the base, but there has been no government confirmation of the figure.

Venezuela investment

The Venezuelan state oil company Petroleos de Venezuela (Petroven) will invest $20bn. over the next 10 years on exploration, development and production of hydro-carbons, the company president, Sr. Rafael Ravard, said, Reuter reports from Caracas. He said that the main objective was the growth of reserves of light crude through an intensive exploration programme, which will include off-shore drilling on the continental shelf.

Peruvians welcome accord over credit with IMF

BY NICHOLAS ASHESHOV

LIMA, August 10.

THE NEW accord this week between the International Monetary Fund and Peru was described by a senior finance official here as "realistic," meaning there is a possibility that it can be adhered to long enough to have a chance of bringing an improvement to the battered Peruvian economy.

This cautious approach is partly a new reaction away from the blindly optimistic nature of most of the military Government's policy declarations, but is also, bank economists suggest, a realistic assessment of the likelihood of success.

The day that the Minister of Finance, Sr. Javier Silva Ruete and the president of the Central Bank, Dr. Manuel Moreyra, signed the letter of intent to the fund, Monday, a strike got under way in carefully selected mining and processing centres. Although the unions are demanding higher wages, their main objective seems to be to ensure that they maintain a political initiative which far-Left unions have been building up solidly in the past year.

Government officials says that this kind of strike is much more difficult to end than one over straightforward wage claims. However, an austerity programme aimed at reducing inflation, like the one getting under way at the behest of the IMF, is likely to need the kind of political muscle and savvy which the military have shown that they do not have.

A national strike by 120,000 school teachers ended at the end of July after 80 days of ineffectual bullying by the government, which was forced to give in on every point demanded by the Maoist-led union SUTEP.

At the moment, besides the miners' strikes, bank clerks are staging regular wildcat strikes and government health workers are in the fourth week of a widespread strike.

This tendency is an indication of the difficulty of enforcing a hard-line traditional austerity programme—as favoured by the IMF—in a country like Peru where less than half the working population has what even the government describes as "adequate work."

The basic terms of the agreement, which is for 184m special drawing rights over the next 30 months, are:

● The budget deficit this year is to be kept to 72bn soles (about $360m), which is the same amount as the deficit last year in current soles, but only half in real terms.

The effect of this is that the fund has acknowledged that the Government is doing all it reasonably can in terms of austerity this year, and that an annual inflation rate of about 70 per cent by the end of the year is unavoidable. This attitude is in marked contrast to the position adopted by the fund last year when its negotiators demanded instant budget cuts. The deficit next year is to be kept roughly the same in current soles—a cut in real terms, therefore, of about half—and the objective is to get the inflation rate in 1979 down to 35 per cent, and to 15 in 1980.

Officials say that, to achieve this, tax revenue will have to be increased, basically by curbing evasion, and that prices for basic foodstuffs and petrol (and all other basics like electricity and fertilisers) will have to be increased regularly. This will be a sharp contrast to the populist subsidies of the past several years.

● The exchange rate of the sol will continue to be devalued in small stages to reach between 190 and 200 to the dollar by the end of the year. The present rate is 165. (This time last year it was 80.)

● Interest rates have been increased by an average of 12 per cent, bringing the rate for Treasury bills to 31.5 per cent (tax-free) and bank savings deposits to 23.5 per cent. The rate paid on overdrafts by best clients is about 35 per cent. This has raised howls of protest from industrialists who have traditionally enjoyed cheap credit.

Even these sharp increases mean that rates are negative in terms of inflation, and officials forecast that, in a couple of months, they may be raised again. Dr. Moreyra has placed heavy emphasis on the need for a rapid increase in the rate of internal savings.

Besides these main points, foreign borrowing is to be heavily restricted. Later this year, probably in November, Peru will be attempting to reschedule its heavy repayments due next year on the public foreign debt, which are so badly bunched that they total, at $1.4bn, the equivalent of about 70 per cent of the predicted value of annual exports. The strategy to be adopted has yet to be decided, but foreign bankers have been heartened by the appointment last week as president of government Banco de la Nación of Dr. Alvaro Meneses, one of the leading financial figures in Peru.

Foreign laws on anti-trust attacked

By Our Own Correspondent

WASHINGTON, August 10.

THE SENIOR U.S. anti-trust official yesterday hit out at the "proliferation" of laws in foreign countries designed to prevent their companies or citizens from co-operating with U.S. investigations into monopolies or restrictive practices.

Speaking to the American Bar Association, Mr. John Shenefield, Assistant Attorney-General for Anti-Trust, said that his division "may be left with no choice but to press the courts, as a practical matter, to ignore this particular type of legislation." He warned that the Justice Department would where necessary ask American courts "to draw negative inference with regard to evidence that is not provided."

The American view is that U.S. anti-trust laws apply everywhere if American interests or trade are affected by foreign agreements or practices. In what Justice Department officials saw as a generally conciliatory speech, Mr. Shenefield said it was a pity that this had caused disagreements with countries like Canada and Britain "which otherwise are such good friends."

Last year the British House of Lords ruled that Rio Tinto Zinc should not hand over documents sought in a U.S. anti-trust investigation of an alleged uranium cartel.

The so-called "extraterritoriality" issue between the U.S. and other countries is not confined to the anti-trust field. Britain is deeply disturbed at the application of new U.S. anti-Arab boycott laws to British subsidiaries of American companies—a matter that British officials took up in Washington earlier this week.

POLLUTION EMERGENCY AT NIAGARA

Chemicals threaten public health

BY CAROLINE HYDE IN NEW YORK

NIAGARA FALLS, New York State's honeymoon haunt and second most popular tourist sight, has suffered a dramatic change of image as a result of an environmental calamity which had its beginnings nearly 40 years ago.

The problem became critical last month after a rainstorm when some residents discovered large fuming pools of coloured chemical liquid in their gardens.

Others had already seen rusted-through oil drums of chemicals surface in their gardens, and the third base of the nearby school baseball diamond disappeared into a drum just below the surface last autumn.

These and many other drums filled with chemicals were dumped into an old water canal which was filled in with earth in the early 1950s. For the past six years the area has had unusually heavy rains causing the underground canal to overflow and the chemicals to surface. After long investigations the New York State health commissioner, Dr. Robert Whelan, declared a health emergency for the area early this month when chemicals were impregnating the air at levels up to 5,000 times higher than is normally considered safe.

The Environmental Protection Agency identified a total of 82 chemicals, 11 of them suspected of causing cancer. Dr. Whelan recommended that families with children under the age of two and those with pregnant women leave at once. Some twenty families have been temporarily moved to hotels and Air Force officers' quarters until State and federal agencies can decide what to do.

On Tuesday, President Carter approved federal emergency aid to the area and Governor Carey has committed the State of New York to match any funds given by the Government for the clean-up. This will bring in an estimated $8m. What sort of funds can be allocated to the area's residents is still undecided. There is some debate about how far the danger extends. Exactly what area has been affected by migrating chemicals is yet to be determined. Donald O'Hara, the Niagara Falls city manager, said: "Whether this is a temporary or permanent evacuation or relocation is impossible to say as the tests so far have not given a positive indication."

Extensive medical testing and questionnaires circulated two months ago has already established that the Love Canal area has a much higher than national average of cancer, liver disease, respiratory ailments, birth defects and retarded children, and 50 per cent more miscarriages. Children and dogs have been burned playing in the fields and visitors have had the soles of their shoes corroded.

Many residents claim their dogs have died of tumours or distemper before they have reached the age of three. One resident jokes that his daughter's Easter rabbit has become the equivalent of the miner's canary: "If that dies, we'll know we should move away."

The Hooker Chemical Company, a subsidiary of Occidental Petroleum, stopped using the Love Canal as an industrial dump 20 years ago when the company sold the 16 acres about eight miles from the city centre to the Niagara Falls school board for $1. They attached a warning that no building or excavating might be done directly on the canal and that the school board take complete responsibility for any chemical leakage. The school board then proceeded to build a grammar school near the canal, in the process of which a basement was excavated. The remaining land not made into a park was sold and subsequently subdivided for housing.

The area is described as working class. The 300 houses around the canal range in market value from $15-45,000. Even if the chemical levels can be returned to normal many residents say they would never go back to the area and, with all the publicity, fear they will no unable to sell out. Many people have their savings in the houses and will be unable to get somewhere else unless this money can be recovered.

The Niagara Falls problem could reappear in this and any other country where chemicals have been contained and buried. There are 30 such sites in New York State and more than 1,000 around the country. When asked if he thought the chemical company and the board of education had behaved irresponsibly Mr. O'Hara said: "No, not really. There was a lack of knowledge 30 years ago." This case will set precedents for all the others and everyone from the President and Governor down is handling the matter delicately.

To contain the chemicals the city's plan is to dig ditches 8-10 feet deep around the canal; to lay drainage tiles, and then cover them over. The chemical-laden water leaking out of the canal would run down the tiles into a basin from which it would be pumped and taken for treatment or disposal. The Hooker Company has offered to pay for part of the plan and will continue to provide engineering and technical advice to the city. The company stresses that the offer does not change their position on any liabilities.

The residents have retained a lawyer, Mr. Richard Lippes, a known environmetalist. He says his clients are suing for monetary losses and compensation for health-related incidents. The suits will be aimed at the polluter, the Government (the Army may also have dumped chemicals), the city, and the board of education. He will be working on the basis of the deed restriction to dig around the canal, the company's knowledge of chemicals, and the Federal Toxic Substances Act. The residents alos want compensation for their homes which some say they will never return to and cannot be sold. Mr. Lippes and his firm have taken the case on a percentage of recovery. All in all, he says, "the chances of winning are fairly good."

Legislation passed in 1972 to prevent cases like Love Canal regulated the disposal of toxic substances. But as the regional director of the Environmental Protection Agency, Mr. Beck, said: "We've been burying these things like ticking time-bombs. They'll all leak out in 100-100,000 years."

WORLD TRADE NEWS

OECD REPORT

Depressing future for shipowners

BY DAVID WHITE

PARIS, August 10.

DEPICTING a bleak medium-term outlook for shipowners, the Organisation for Economic Co-operation and Development has warned that many shipping businesses face collapse this year and next because of uneconomic freight rates.

"While efforts are being made by shipowners to help themselves on a co-operative basis, the steady erosion of their reserves by the continued maintenance of rates at or below the level of operating costs, bring the prospect of insolvency progressively nearer," the organisation's secretariat warned in its report on maritime transport in 1977.

Supply and demand for ships in the oil, gas and chemical trades looked unlikely to balance out until well into the 1980s and the prospects for dry bulk carriers and some general cargo vessels were little better.

Cancelled tanker orders which in recent years had been converted into dry bulk carrier orders meant that excess supply in the dry cargo sector had been accentuated.

What with the iron and steel recession and the levelling-off of U.S. oil imports, there was little hope of equilibrium between the volume of world trade and the size of the world fleet being reached in the near future.

And although general cargo and liner operators had not yet felt the impact of the crisis, "the signs are ominous," the OECD warned. Demand for shipping services this year was likely to increase at around last year's modest rate of 3 to 4 per cent. The amount of cargo shipped in 1977 rose by 3.3 per cent.

Apart from the effect of the general economic climate, shipping companies' results had in many cases been seriously damaged by competition from the Soviet Union.

The growth of Soviet participation not only in bilateral trade but also in cross-trades, since 1972 had led to critical situations on some routes. Analysing the Soviet rôle in North Atlantic and Pacific trade and routes between Europe and East Africa and the Far East, the OECD said the subject had increasingly become one for urgent consideration by Western Governments.

The Soviets had shown willing to discuss the issue, but talks so far had proved disappointing. Fluctuations in the value of the dollar had added a further disruptive factor to the competitive situation last year.

"A Japanese operator of a 250,000-dwt tanker on the spot market would, over the year, have been 28 per cent worse off than a similar Swedish shipowner solely on the grounds of parity changes," the report said.

The supply of shipping services increased by 6.7 per cent last year, the lowest rate since 1965 and sharply down from the previous five years' 10 per cent-odd average annual growth rate. The amount of inactive tonnage increased by 13 per cent over the year.

The oil tanker fleet showed slower growth than in any year since 1962, while the amount of excess capacity appeared likely to continue throughout this year. Hybrid "combination" carriers were also hit, and could only justify their high running costs in certain restricted cases.

The unit load fleet would continue to grow, but at a slower rate than in the past, while the tonnage now on order for delivery in the next 18 months could lead to overcapacity similar to that in the oil and dry bulk sectors.

The greater flexibility of container and roll-on-roll-off shipping came up against the objections of developing countries to capital-intensive rather than labour-intensive transport systems. High capital costs had also prevented developing countries from going into barge carrier systems, even in Brazil, where the Government favoured the system for the Amazon basin but shipowners were reluctant.

The role of flag-of-convenience countries continued to increase. Their shares of the world shipping fleet rose to 28 per cent (109.4 gross registered tons) last year from 27 per cent in 1976. But at the same time, the campaign against flags of convenience waged in recent years had shown clear signs of producing results in the form of higher standards. The best deterrent, however, to substandard ships was more effective and more extensive inspection, regardless of the flag.

Japanese agree Brazil loan

BY DIANA SMITH

RIO DE JANEIRO, August 10.

THE TERMS have now been settled for a $700m loan for the Brazilian - Japanese - Italian Tubarao steel project to be built in Brazil's Espirito Santo state.

The loan arranged by the Bank of Tokyo, Long Term Credit Bank of Japan and the Dai-Ichi Kangyo Bank, will be in three tranches of $350m, $250m and $100m respectively.

The first tranche to be paid over this year, is repayable in 12 years with a grace period of six years before repayment starts and a spread of 1¼ per cent over libor. The second tranche, due in 1979, will be repayable in 13 years (also with six years' grace) with a spread of 1⅜ per cent, while the third, with the same spread, will be repayable in 14 years.

It has taken over two months for the Brazilian Ministry of Trade and Industry and the national steel agency, Siderbras, which the Ministry controls, to persuade the Japanese bankers first of all to commit themselves from the outset to the full $700m, then to offer repayment terms and spreads over libor which would be as favourable to Brazil as possible. The final terms now announced are evidence of the success of the long, delicate negotiations.

The $700m is a straight loan, representing the bulk of Siderbras' 51 per cent share in the $2.6bn total investment required by Tubarao—a project conceived in the early 1970s and repeatedly delayed.

Each of the three partners will be responsible for 33.3 per cent of the equipment supplies for the project—and Kawasaki Heavy Industries, sister company of Kawasaki Steel, is expected to supply the blast furnaces, steam turbines, boilers and other key equipment.

Brazilian capital goods manufacturers, have protested to the Government over their limited share of equipment supplies, arguing that, since the project is to operate on Brazilian soil it ignores official policy of increasing substantially the national content of equipment for major State-sponsored projects. The Government, however, appears disinclined to increase the Brazilian ratio.

The three partners—Siderbras, Kawasaki Steel (24.5 per cent) and Italy's Finsider (24.5 per cent) will share Tubarao's initial output of 3m tonnes a year of semifinished steel plates on the basis of 80 per cent for Brazil and ten per cent each for the Japanese and Italians. Siderbras had to agree to absorb a further 20 per cent—half of Kawasaki's original share, and half of Finsider's, in return for Kawasaki's efforts in persuading Japanese banks to lend the $700m needed to get the project off the ground.

Fokker B-10 deal 'provisional'

BY CHARLES BATCHELOR

AMSTERDAM, August 10.

AIRBUS INDUSTRIE'S choice of a wing developed by the West German arm of Fokker for the new B-10 aircraft is only provisional, it emerged here today. Fokker announced at the end of last month that it had been awarded the contract but French aircraft industry sources denied this.

The Airbus consortium partners have chosen the wing design developed in Germany and assembly is likely to go ahead in Fokker's Bremen factory if the British Government decides against joining the European project, a Fokker spokesman said here today.

But if British Aerospace becomes a partner in the new Airbus generation then it may produce the B-10 wings, as it has the wings of the earlier B-2 and B-4 Airbus versions.

It is also possible that British Aerospace might prefer to develop its own wing design and reject the German one. But this would depend on time pressure since the B-10 is due to fly in 1982. Development of the German wing has been going on over the past year and the British company might not be able to develop a new wing from scratch in the time available.

Should Britain not join in production of the new aircraft, the consortium will not have wasted any time and design and production work will continue in Germany. Fokker has set aside space at its plant in Bremen to continue work on the wing at the end of this month.

A British decision on Airbus is expected within the next few weeks. The British government has been under strong pressure to make a decision and Fokker's confident claim that it had been awarded the wing contract may have been part of this pressure.

● The Dutch arm of Dutch-German Fokker group has called in the American management consultancy McKinsey to assess the company's prospects. The consultants will look at possible forms of co-operation between Dutch Fokker and the merged German Aerospace group which the German Government hopes to create from the German side of Fokker and Messerschmitt-Boelkow-Blohm (MBB).

The study, which is due to be completed next month, will also look at the prospects for Fokker in the international aircraft production market. McKinsey is expected to assess the advantages and disadvantages for the Dutch Fokker of a number of options, including continued co-operation with Fokker in Germany as a full partner or merely as a shareholder and the consequences of not participating at all.

The Dutch Fokker group is in favour of continuing to work with its German partner. Mr. Gerrit Klapwijk, the executive chairman of the VFW-Fokker group, who stepped down last month, said earlier this year that the Dutch company hoped for a 35 per cent stake in the merged German company. Fokker does not want to become solely a subcontractor to the new Fokker-MBB group.

W. German minister for ASEAN

BY JONATHAN CARR

BONN, August 10.

COUNT OTTO LAMBSDORFF, the West German Economics Minister, leaves to-morrow for a three-week trip principally intepded to help boost trade and cooperation with Asian countries.

During his visits to India, Sri Lanka, Singapore, Indonesia and Japan, he will be meeting with leaders of government and industry — and delivering a speech in three capitals on international economic relations following the Western summit conference last month in Bonn.

Count Lambsdorff's last stop (from August 27 to 31) is probably the most important—namely Japan.

He will be discussing the results of the summit with, among others, Prime Minister Takeo Fukuda, and he will be keen to gain first-hand information on latest progress of the economy, in view of Japan's pledge in Bonn to achieve a higher growth rate mainly through expansion of domestic demand. Mr. Fukuda said he would decide in August or September whether additional measures would be needed to achieve this aim.

West Germany's trade deficit with Japan rose last year to a record DM 3.48bn—based on imports which increased by 19.5 per cent to DM 6.49bn and exports which rose by 7.8 per cent to DM 3.01bn.

But the first half of this year has been more encouraging for the Germans. While there is still a big deficit, German exports to Japan were up by 18.8 per cent to DM1.7bn while imports rose by 8.6 per cent to DM 3.4bn.

Count Lambsdorff's first stop (August 12-17) will be India. Last year West German exports (particularly capital goods and chemical products) were worth DM1.14bn while imports from India were worth DM 790m. The Indian Government is expected to press for still further efforts by West Germany to correct the imbalance.

In contrast, Sri Lanka has a modest surplus in its relatively small trade (totalling DM 117m in 1977) with the Federal Republic—thanks not least to increases in price and deliveries of key exports including tea and rubber.

A key discussion topic during Count Lambsdorff's stay in Singapore on August 20 and 21 will be prospects for further German investment. German companies already speak well of the investment climate in Singapore—and bilateral trade has been developing well too. West German exports rose by 12 per cent last year to DM 723m while imports increased by 11.2 per cent to DM 553m.

In Indonesia, Count Lambsdorff will be discussing not only bilateral relations but also ties between the European Community and ASEAN (Association of South-East Asian Nations). His programme includes a visit to a steel works—one of several major investment projects in which German companies are involved.

West German imports form Indonesia shot up by 42 per cent last year to DM 759m—particularly because of Indonesia's new role as an oil exporting nation. German exports were up by 5 per cent to DM 1.15bn.

Aerospace sales show need for projects

By Michael Donne, Aerospace Correspondent

THE UK aerospace industry had a trade surplus in the first six months of this year of over £161m, with exports amounting to a record of over £549m, and imports (mainly of new Boeing 747 Jumbo jets and McDonnell Douglas DC-10s and other airliners) amounting to nearly £388m.

Figures issued by the Society of British Aerospace Companies showed that for the January to June period, the total exports by the industry included over £271.7m worth of aircraft and parts, and £215.8m worth of engines and parts.

The high incidence of spares and parts in these totals, however, amounting to over £190m for aircraft parts and over £150m for engine parts and "other than new" engines, indicates that the industry is still living substantially on programmes first introduced many years ago, and that the need for new ventures is becoming increasingly urgent, especially on the civil side.

The equipment sector, however, continues to do well. Instruments alone achieved exports in the first six months of over £28m, an increase of nearly 50 per cent on the first half of last year.

U.S. holds up Boeing order

WASHINGTON, August 10.

THE U.S. Export-Import bank (Eximbank) is holding up a financing package to help in the sale of five Boeing jets to Argentina because of U.S. concerns over that country's human rights record.

Argentina's International Airlines, Aerolineas, is seeking from the Eximbank a $24m direct loan for three Boeing 727 jetliners and another $44m in private-loan guarantees for two Boeing 747s. But the state department's review of alleged human rights violations in Argentina is delaying action on the proposal.

In New York, banking sources said Argentina has threatened to cancel is orders for the three 727 airliners and buy a European-built plane instead.

AP-DJ

Bos Kalis wins Algerian order

By Charles Batchelor

AMSTERDAM, August 10.

BOS KALIS Westminster group reports that its subsidiary, Nacap, has won a Fl 435m ($200m) order for 710 kilometres of pipeline from the Algerian State oil company, Sonatrach.

Nacap will lay down 200 km of 40 inch pipeline and 510 km of 42 inch pipeline from Hassi R'mel to the coast at Arzew.

This is part of the development of the Hassi R'mel gasfield which is to supply Holland with 80bn cubic metres of gas between 1984 and 2004.

The project is due to be completed in mid-1981.

Nacap is currently carrying out pipeline work in Algeria valued at Fl 340m. These projects will employ 1,000 workers for three years.

Fiat queries USSR car cost

TORONTO, August 10.

MR. UMBERTO GABBI, managing director of Fiat Canada, says importers are asking how the Russians can sell their Lada model car in Canada for $3,495 when it costs more than $8,000 in the Soviet Union.

Mr. Peter Dennis, the president of Lada Canada, has rejected the implication that the cars are being dumped in Canada. He said the lower cost was partly attributable to the size of the Lada factory, which is reported to be able to produce 1m cars a year.

A senior official of the Federal Customs and Excise said no complaints have been received and no anti-dumping investigation was being considered.

AP-DJ

Iran-U.S. nuclear accord

TEHRAN, August 10.

Mr. Cyrus Manzour, deputy director of Iran Atomic Energy Organisation, told the ruling party newspaper "Rastakhiz" that Iran and the U.S. finally agreed last week on the text of an agreement by which the U.S. will give approval for construction of nuclear power plants by U.S. firms in Iran.

While West Germany and France are currently building 10 nuclear power plants for Iran and two of the German plants in Bushehr are scheduled to be completed by 1980 and 1981. The U.S. has stalled the talks for building nine U.S. nuclear power plants since 1975 pending a final solution for re-use of the atomic waste.

Without disclosing the details of the agreement, Mr. Manzour said that after ratification of the text prepared last week in Tehran, Iran and the U.S. will sign the agreement enabling the U.S. to build at least nine nuclear power plants. The plants are estimated to cost $30bn.

Mr. Manzour also said that last week Iran and Australia have agreed that Australia will supply Iran with necessary nuclear fuels from 1980.

Iran is trying to switch from oil to nuclear power by building at least 20 nuclear power plants in 20 years. The first two plants, built by the West German company Kraftswerk Union, are scheduled to go on stream line in Bushehr in the Persian Gulf in 1980 and 1981.

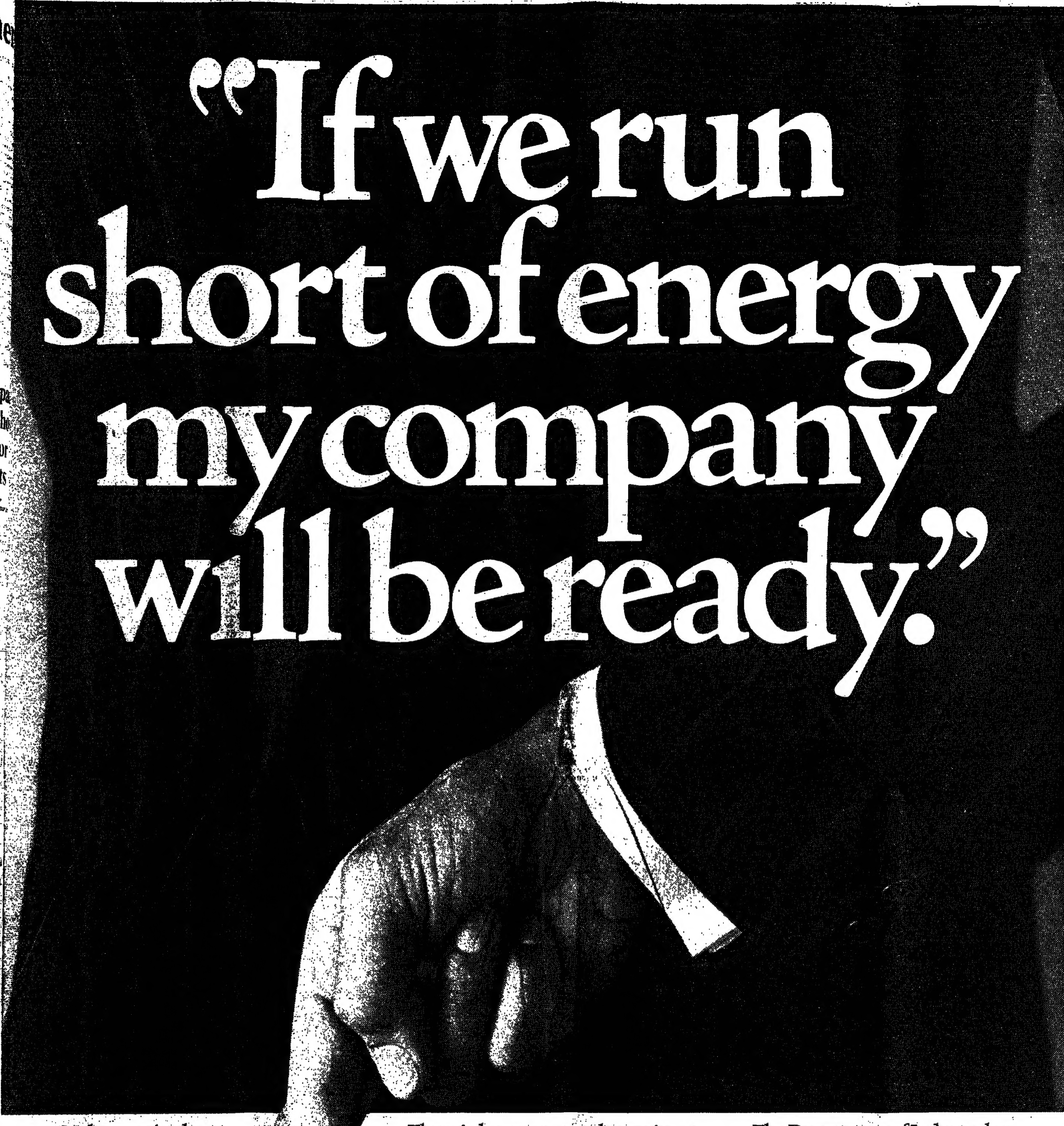
AP-DJ

Asia order for Leyland

Financial Times Reporter

ORDERS TOTALLING about £8.7m for trucks and buses have been won in South-East Asia, the Far East, Egypt and New Zealand in the past fortnight by the London-based overseas division of Leyland Vehicles Ltd.

The biggest is from Sri Lanka (formerly Ceylon), where two Colombo distributors have ordered £3m worth of trucks in completely-knocked-down form for local assembly. Shipment of the 700 vehicles is now underway from Leyland's Bathgate plant in Scotland. Hong Kong's Kowloon Motor Bus Company (1933) Ltd. has placed the second largest contract, valued at £2.5m, for 152 "Victory Mark II" bus chassis for use with double-deck bodies.



Make no mistake, as energy becomes scarcer and dearer, we're all likely to feel the pinch. Maybe not next week, but almost certainly by the end of this century.

On the face of it, 22 years seems like ample time to prepare ourselves. In reality, we're already short of time.

The present supplies of North Sea oil and gas won't last for ever. And there are limits to the rate at which we can increase production of coal and nuclear energy.

What's more, we'll be into the first quarter of the next century before solar, wave, wind, tidal and geothermal energy together can make a substantial contribution to our energy needs.

There is, however, one alternative we can all exploit right away.

Energy conservation.

But to develop it to its full potential, we'll all have to change our ways.

No longer can we take energy for granted. When planning ahead, we'll have to reckon on the real price of energy at least doubling over the next 20 years.

So we must find more efficient ways of using existing forms of energy. And we'll have to develop new products that consume less.

The Department of Energy has expanded its Energy Survey Scheme to help you financially to find the best way of managing the use of energy and cut out waste in your company.

The Department of Industry has introduced an Energy Conservation Scheme for which almost every branch of industry, trade and commerce is eligible.

It provides grants for the insulation of premises, the installation of new boiler plants, combined heat and power systems and supporting consultancy work.

Both schemes will not only get you ready for the future; they'll start to save you money now.

Make it your business to find out more about them. Do it today.

All you have to do is uncross your fingers and call 01-211 3925.

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HOME NEWS

Steel output rises but imports bite into home market

BY JOHN LLOYD

STEEL production in the UK, after a dramatic decline at the beginning of the year, is back at 1977 levels. Imports, however, continue to take an increasing share in the UK market.

Last month the average weekly output was 369,700 tonnes, 0.5 per cent higher than in the same month last year. It was down 8.8 per cent on June's average weekly output of 405,300 tonnes, but that is a normal dip because of holidays.

Over the first seven months of the year the average weekly output stands at 400,100, compared with 402,000 for the same period of 1977.

Last January production dropped sharply to around two-thirds of the 1977 levels. It climbed back in February, and from March the figures have been consistently, if slightly, higher each month.

Steel consumption is also up, at 3.88m tonnes for the second quarter of this year against 3.76m tonnes in the same period in 1977. But it is down on the consumption in the first quarter of this year of 4.2m tonnes.

Imports of steel in the second quarter of 1978 stood at 890,000 tonnes, up sharply from the 640,000 tonnes in the same period in 1977 and up, too, on the 830,000 tonnes for the first quarter of this year.

● The Department of Trade has given a full list of iron and steel products from non-EEC countries which will be subject to import surveillance licensing. The surveillance will be undertaken under the Davignon plan agreed in December last year by the EEC.

The products covered by the surveillance licensing include pig and cast iron, billets, wire rod, reinforcing bars, hot- and cold-rolled sheet and plates, electrical sheet and plates and angles, shapes and sections.

● The EEC has imposed definitive anti-dumping duties on some iron and steel products from Czechoslovakia, Japan, Poland and Spain. These duties replace the provisional charges already levied.

The products include hot- and cold-rolled sheet and plates, and angles, shapes and sections.

The rate of duty is variable, and is designed to bridge the gap between the import price of the products and the basic price published by the Commission. However, while the duties are now definitive rather than provisional, they will be temporarily suspended.

French atomic pollution to be checked

A PROGRAMME of close co-operation between Jersey and Alderney for the monitoring of atomic pollution from French nuclear installations in Normandy was announced yesterday by Mr. Jon Kay-Mouat, president of the States of Alderney.

"It was agreed that co-operation would be of mutual benefit," he said, adding that "a programme for the regular exchange of information has been agreed in principle."

In addition to the newly-established link with Jersey, Mr. Kay-Mouat said that, through diplomatic channels, he had received an assurance from the French authorities that Alderney, like Jersey and Guernsey, would be informed immediately if a nuclear incident occurred at the reprocessing plant at La Hague or the proposed installation at Flamanville.

Similar talks for closer co-operation between Alderney and Guernsey are to be held shortly.

Go-ahead for more N. Sea oil production

BY RAY DAFTER, ENERGY CORRESPONDENT

NORTH SEA oil production is to receive a further boost after Government approval yesterday for the development of Mesa Petroleum's Beatrice Field and the start-up of Shell/Esso's Dunlin Field.

Mesa has been given Department of Energy sanction to exploit its inshore Beatrice find at an estiamted cost of £325m. Oil will be transported ashore at a peak rate of 80,000 barrels a day through a pipeline system rather than by means of a shuttle tanker service which was rejected last year by the Government.

Even now, Mesa has been given only qualified approval. The Energy Department said that while the production scheme had been judged environmentally satisfactory it would not allow oil to flow until Mesa and its partners had submitted an acceptable oil-spill contingency plan.

The partners involved in Beatrice—Mesa (25 per cent), Kerr McGee (25 per cent), Hunt Oil (20 per cent), Creslenn (15 per cent) and P & O Petroleum (15 per cent)—will have to order their own multi-purpose safety ship to patrol the field or share a ship ordered for one of the other offshore fields.

Beatrice, 12.5 nautical miles off the Scottish coast in the Moray Firth, has an estimated 160m to 165m barrels of recoverable reserves. The oil, due to flow in 1981, will be exploited through three platforms: a central pair handling the drilling and production facilities for most of the field and a converted jack-up rig for the north-east portion of the reservoir.

The oil will be transported by pipeline to Nigg Bay where a tank storage farm is planned by the Cromarty Firth Port Authority and Highland Fabricators (comprising Brown and Root and Wimpey). Planning application for the storage facilities is with the Highland Regional Council.

The Energy Department said that the field's production scheme had been scrutinised in view of the reservoir's close proximity to the coast and to Smith's Bank, a big fishing ground.

Shell, as operator for a group including Esso, Continental Oil and British National Oil Corporation, said yesterday that oil production had begun on its Dunlin Field, 110 miles north-east of the Shetland Islands. Initial production rate would be 30,000 barrels a day from the first three wells.

But, the oil is not being shipped ashore for the time being. Transportation facilities—in particular the oil terminal at Sullom Voe, Shetlands—are not completed, so until later this year the oil from Dunlin is being stored offshore.

At present the crude is flowing into the Dunlin production platform's own storage cells which are capable of holding 800,000 barrels. The oil also can be stored in the 1m.-barrel storage facilities on the nearby Cormorant A platform to which Dunlin is linked by pipeline.

Dunlin, which has an estimated 600m barrels of recoverable reserves, is the fifth largest field to be commissioned in the UK sector of the North Sea. Peak production from the field should be reached in 1982 when oil should be flowing ashore at a rate of 140,000 to 150,000 barrels a day.

Partners in the smaller Maureen Field in block 16/29, 150 miles north-east of Aberdeen, hope to begin the development programme on the discovery in the first half of next year, according to Ultramar.

Companies involved in the Maureen project have submitted plans to the Department of Energy. If these are approved, the companies could place initial orders for the steel production facilities before the end of this year, Ultramar added. It is expected that the field, containing an estimated 120m barrels of recoverable reserves, will be exploited by means of a semi-submersible production system linked to a drilling template placed on the seabed.

Maureen is operated by the Phillips group which has a 33.78 per cent interest in the reserves. Other partners are: Petrofina (28.96 per cent), AGIP (17.26 per cent), Century Power and Light (9 per cent), Ultramar (6 per cent) and British Electric Traction (5 per cent).

Makers criticise car spare parts probe

BY OUR CONSUMER AFFAIRS CORRESPONDENT

MOTOR manufacturers yesterday criticised a Price Commission investigation into the car spare parts industry.

Sir Barrie Heath, president of the Society of Motor Manufacturers and Traders, described the investigation as thoroughly frustrating and unnecessary.

Although the investigation was started by the Price Comission only yesterday, it had been announced in June by Mr. Roy Hattersley, Prices Secretary.

Sir Barrie said the investigation amounted to "harassment of a major industry to a degree completely unknown to our most successful competitors in Germany and Japan."

The investigation would "tie up executive time and effort throughout the motor industry which could be much more effectively devoted to improving profitability and competitiveness." The cost of the investigation in terms of managerial time spent would have to be borne by the consumer.

"The investigation is a misinformed and misguided irrelevance which could cause direct damage to our industry by forcing the exposure of important, commercially sensitive information to our international competitors."

The Price Commission was expected to report by the end of March on prices, costs and margins in the manufacture and distribution of car spares.

● Moves to discourage decorative paint retailers from making claims of excessive price reductions, as recommended in a Price Commission report published earlier this year, were welcomed yesterday by Mr. Hattersley. The change in pricing policies followed discussions by Mr. Hattersley with the industry.

Denning resists loss of solicitors' role

LORD DENNING, Master of the Rolls, has refuted a suggestion made to the Royal Commission on Legal Services that he is "out of touch" in his capacity as solicitors' overlord.

The suggestion was made to the commission by Professor Michael Zander, law lecturer and writer, who proposed that the function of Master of the Rolls, supervising the professional practice, conduct and discipline of solicitors, be taken over by a body of non-lawyers.

Lord Denning does the work mostly in spare hours after his full-time duties as a judge. He revealed that he works many evenings and signs solicitors' practising certificates while watching television.

Appearing before the Commission, Lord Denning was told by Sir Henry Benson, the chairman: "I think Professor Zander feels that your function should be enlarged to be dealt with by a body of six people . . . because, as he puts it, not impolitely but quite directly, he feels that the Master of the Rolls is not in touch. That is how he expresses it in his evidence to us."

Lord Denning: "I would like to say that I think I am very considerably in touch."

He added that he dealt with appeals concerning solicitors in his court and received many letters from members of the public complaining of solicitors' conduct which sometimes he dealt with personally. He also visited solicitors a great deal and went to Law Society functions quite often.

He felt his access to information was far greater than that of any layman.

Tameside spends aid on industrial development

BY PAUL TAYLOR

TAMESIDE COUNCIL claims it has turned its £150,000 share of the £100m Inner City Construction aid package announced by the Government last year into a £1m industrial development. Now other local authorities are expressing an interest in Tameside's methods.

Last November, when Tameside received its share of the Government package, it decided to stimulate private speculative industrial development rather than commission developments directly.

Working on the assumption that private developments were restrained by cash-flow problems, Thamside offered three sites totalling 4.5 acres to developers on a part lease-back arrangement.

Under the arrangement, the council undertook to buy back the first units up to a value of £50,000 on each site, paying the cash in monthly instalments.

As a result, two construction companies Kenleesy Construction of Oldham and Cagcell, a Leeds-based company, leased the three sites for the construction of 23 nursery units, ranging between 2,000 and 10,000 square feet.

The first site development containing 11 units was started in December and the council has let the first double unit of 4,600 square feet to Pargon Joinery, of Ashton-under-Lyne, for occupation next month.

The council is committed to leasing back ten units on the three sites and estimates that it has generated 85,000 square feet of new factory floor space and an investment of £1m.

Tameside has had several inquiries from other local authorities about the scheme.

Speaker to be opposed

BY ROBIN REEVES, WELSH CORRESPONDENT

THE SPEAKER, Mr. George Thomas, is likely to face at least three other candidates at the next general election in his Cardiff West constituency.

The local Liberal Party constituency association decided by a narrow majority this week to ignore Parliamentary convention and seek a candidate to contest the seat.

The Welsh Nationalist Party, Plaid Cymru, has already adopted its candidate in keeping with the party's long-standing policy of fighting all 36 seats in Wales at every general election.

The National Front is also believed to be planning to put up a candidate, but the Conservatives have decided to stick to convention and not contest the seat.

At the last general election Mr. Thomas, then standing as a Labour candidate had a majority of 6,672 over the Conservatives in a four-cornered fight.

'Racist' film protest by MP

Financial Times Reporter

A MIDLANDS MP sent a protest yesterday to Mr. Kingman Brewster, the U.S. Ambassador in London, about a television programme being screened throughout America, which it is claimed, portrays Britain as a racist society.

Mr. Dudley Smith, Conservative MP for Warwick and Leamington, has said that the programme, an hour-long documentary called "Black Britannica," portrays Britain as a racist society which denies human rights and dominates its coloured population by police oppression.

The documentary, produced by David Koff, was commissioned by the Boston television station, WGBH, a member station of the non-commercial public broadcasting system which showed the documentary at peak-viewing time last night.

Mr. Smith, who is vice-chairman of the Parliamentary Select Committee on Race Relations and Immigration, said yesterday: "I understand that it has angered our diplomats in the U.S. who consider it very distorted.

"Apparently a television team came here and interviewed many black people doing dirty and less desirable jobs in London and the Midlands. The implication is that the black community is exploited and badly paid.

"The documentary, as far as I can gather, does not include a single opinion to the contrary. The film seems alarmist, misleading and totally irresponsible."

A legal controversy has developed in the U.S. over the documentary. Its producer, David Koff was served an injunction in a Massachussetts court on Wednesday to stop WGBH from transmitting it last night.

Ms. Margaret Henry, who researched the film, said it was to have been shown in the U.S. in July—but was cancelled by Mr. David Fanning, executive producer of the "World" series at WGBH and the film was re-edited.

The legal wrangle affected the showing of the documentary in London at the Scala Theatre in the West End where it was taken off after Mr. Koff started legal proceedings against WGBH.

Injunction halts airport stand-by sales by TWA

THE BRITISH Airports Authority yesterday won an interim injunction until October 15 against Trans World Airlines preventing the airline selling cheap stand-by tickets in Terminal Three at Heathrow and obliging it to sell them only at its town ticket office.

The authority had sought the injunction because of congestion being caused at Heathrow by the sale of stand-by tickets. Although TWA was the only airline named in the action, the authority will now contact all those selling such tickets—British Airways, Pan Am, National, El Al, Air-India and Iran Air—to ensure that they also abide by terms of the injunction.

TWA agreed to abide by the injunction after talks between the parties. But Mr. Justice Mars-Jones, who heard the authority's plea, ordered an expedited full hearing of the case in the commercial court.

Plans to ease travel misery

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EXTENSIVE PLANS have been made in the UK to cope with the lengthy air travel delays expected this weekend as a result of the resumption of the French air traffic controllers' work-to-rule this morning. More than 100,000 travellers could be involved in the UK alone during one of the busiest weekends of the year.

While the airlines, airport authorities and other bodies in the UK are powerless to prevent the delays—which may rapidly build up to many hours for specific flights—they are aware of the need to do something to alleviate the strain on pasengers.

Plans range widely from the provision of extra staff, catering facilities and seating at airports, and even the provision of entertainment such as colour TV and live shows at some airports, to the use of school halls and buildings outside airports in which to house waiting passengers.

The advice generally being given to holiday-makers is to turn up on time for their flights, but to be prepared to wait. If possible, they should bring their own food and drink.

If delays become too long, some airlines with big loads, such as British Airtours, may decide to defer some flights. Passengers would be given special telephone numbers to ring for advice.

The Department of Trade is waiving the restrictions on night jet flying to ease the problem, while the Civil Aviation Authority is again introducing its "Spanish track," whereby aircraft with high frequency radio can fly out over the Western Approaches of the Atlantic turning east over the Bay of Biscay into Spanish air space, thereby avoiding French air space.

Because of restrictions imposed by UK controllers at Prestwick only one aircraft an hour each way will be able to use the track instead of the three approved by the CAA. This contribution to easing the misery of waiting passengers will therefore be minimal.

While the Office of Fair Trading has already indicated that tour organisers and travel agents are not liable for compensation claims by delayed passengers, some tour organisers are prepared to spend substantial sums to help ease their clients' ordeal. Thomas Cook, for example, has set aside £50,000 to pay for hotel accommodation for stranded passengers at home and abroad.

Some other tour organisers, such as Thomson Holidays, have been studying the possibility of moving passengers on trains, boats and coaches, and even chartering extra aircraft to mop up for those aircraft that get stranded at foreign airports.

David White in Paris adds: The French Government has asked airlines to cut back their schedules this weekend in order to limit chaos at airports due to the air traffic controllers' work-to-rule. Airports in France will provide normal reception services for passengers affected by delays, M. Joel le Theule, Transport Minister, said in a statement today.

If the work-to-rule goes on, the French Government envisages closing some airports and stopping the operations of domestic airlines.

French pilots' unions have meanwhile warned that they will strike if the Government brings in air force personnel to run the control towers.

UK chemical industry defends road tanker safety record

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITAIN'S chemical industry yesterday defended its record as a transporter of hazardous liquids, amid calls from local authorities for more to go by rail.

The Chemical Industries Association said in a report published yesterday that there was no room for complacency or for freezing further developments of safe methods.

But most chemicals that may be hazardous, flammable, poisonous, corrosive, explosive or radioactive, were processed into innocuous products at the production site.

For most of these chemicals, no external transport was required.

The Association of Metropolitan Authorities said that most dangerous cargoes remained dangerous whatever means of transport was used.

But there were strong arguments for more of these cargoes to go by rail. Seventy-five per cent of liquefied petroleum gas went by road, the rest by rail. For chlorine, a poisonous gas, the proportions were about equal.

The Chemical Industries Association said that the U.K. rail network had been progressively reduced from 47,417 track miles in 1962 to 28,576 track miles today.

There was no evidence to show that either road or rail had any measurable advantage over the other in safety terms.

The main factors in the assessment of the likelihood of a road tanker accident were the chances of a collision with other traffic, the consequent risk of damage to the container, and the number of people that might be exposed to chemical hazards if the tanker was ruptured.

The association's report came only days after Mr. William Rodgers, Transport Secretary, spoke of plans for tough regulations to control the structure and maintenance of oil and chemical road tankers.

The first stage, covering mandatory labelling of tankers, would be enforced at the end of next month.

The chemical industry operates 4,000 specially built tanker vehicles carrying liquefied chemical and fuel gases. They all had an "outstanding safety record," Mr. Martin Trowbridge, director general of the Chemical Industries Association said yesterday.

No members of the public have ever been killed in Britain by the contents of one of the chemical tankers, but four people had died since 1970 in accidents involving liquefied fuel gas.

"Chemicals on the move" a report by the Chemical Industries Association, £1, Alembic House, Albert Embankment, London, SE1 7TU.

Wedgwood to spend £6m

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE WEDGWOOD GROUP is to spend £6m to increase output of fine bone china at Barlaston and to modernise factories at Tunstall and Hanley, Stoke on Trent.

The greup's Alexandra factory at Tunstall and the Hanley works of J. and G. Meakin will be modernised and re-organised. Building is expected to start next month for commissioning in autumn 1980.

The Industry Department has made a grant of £1.2m under the selective investment scheme towards the final cost of the total expansion plan. The developments will streamline production techniques and create up to 300 jobs when complete.

A previous £7.5m factory expansion scheme, aided by £1.3m of grants from the Industry Department, was started in September 1976 and is almost complete. This programme has increased the Wedgwood Group's production capacity by 30 per cent.

The expansion plans came after forecasts by Sir Arthur Bryan, chairman of Wedgwood, that demand for fine bone china at home and overseas will increase considerably over the next few years.

Liverpool may sell 80,000 council homes

THE housing committee at Liverpool decided yesterday to offer for sale almost all its 80,000 corporation houses and flats, except those occupied by old people. They will be offered either to the sitting tenants or with vacant possession. Government permission will also be sought to sell blocks of flats on lease to tenant co-operatives.

The proposals were carried jointly by the Liberal and Conservative members in the face of protests from Labour

Lords criticise EEC draft directive on advertising

BY MICHAEL THOMPSON-NOEL

THE EEC Commission's controversial draft directive on unfair and misleading advertising is severely criticised in a report published yesterday by the House of Lords Select Committee on the European Communities.

The committee doubted whether the system of strict legal control of advertising proposed by the commission would be cheaper, faster or more effective than Britain's present largely self-regulatory system of advertising control.

Improvements could be made to the British system to protect consumers against the activities of "fringe operators." But the commission's current draft directive was hardly the vehicle to achieve such improvements.

There seemed little that could not be resolved by extending the work of the Office of Fair Trading.

The committee shared the grave fears of the Advertising Standards Authority and many others who gave evidence that the UK's self-regulatory system of control, which vets nearly all kinds of advertisements, would be undermined.

According to the commission, laws against unfair and misleading advertising differ widely from state to state. It has suggested that member countries adopt uniform control laws with a view to establishing quick and cheap means of redress.

Courts would be empowered to order the cessation of offending advertising — even without proof of fault — and to demand the publication of corrections. Self-regulatory controls could exist side by side with the new laws.

The committee received no evidence to suggest that advertising laws affected the functioning of the Common Market.

It the commission's proposals were adopted they would require the introduction of novel concepts into English law which hardly seemed justified in the context.

The commission had acted contrary to Article 189 of the Treaty of Rome in seeking to lay down the form and methods of achieving the results for which a directive provides.

While some advertising deemed to be "unfair" might in any case lead to libel or slander proceedings in the UK, other definitions of unfair advertising in the directive were obscure or subjective, the committee said.

Misleading Advertising. 38th report of the House of Lords Select Committee on the European Communities, HMSO. £2.10.

HOME NEWS

British Airways' net profit increases

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS earned a net profit of £14m in the first three months of the current financial year, compared with a net profit of only £4m for the comparable period a year ago.

The airline said yesterday that for the April-June period, revenue totalled £402m compared with £339m in the same period a year ago, when British Airways was hit by the engineers' strike at Heathrow.

The trading profit before cost of capital borrowings and taxation amounted to £39m, against £19m a year earlier. Interest accounted for £7m and taxation and provision for minorities took £18m, leaving the net at £14m.

The airline said these results were as expected, but overall traffic volume for the period was lower.

This was mainly due to a shortfall in long-haul operations on Eastern routes, in turn affecting Australia and Singapore.

Recent UK-Australian Government talks on the introduction of cheaper fares on the route to Australia are believed to have caused some travellers to defer their journeys, while the route to Singapore continues to feel the lack of the Concorde supersonic services, suspended last December because of objections by Malaysia to Concorde flying through its airspace.

Elsewhere, however, traffic generally is up to expectations, and prospects to the end of the summer period are encouraging.

For the 12 months to the end of March the airline reported a net profit of only £18m, compared with £34.9m for the previous year.

Big rise in North Sea oil jobs predicted

BY RAY PERMAN, SCOTTISH CORRESPONDENT

WORK ON maintaining North Sea oil installations could be worth £280m by the end of the 1980s and provide 12,500 jobs, according to a study by the Scottish Council for Development and Industry.

With capital investment in the North Sea and onshore likely to total £12.5bn, the council states that the oil industry is only now learning how much continuous attention these complex structures and plant will need.

Initial estimates of the cost of maintenance were having to be revised as companies gained experience of working in deep water a long way from the coast, often in bad weather.

The council expects the total value of the market to build up quickly, from £95m in the early 1980s to £280m, by the end of the decade—assuming an inflation rate of 6 per cent a year. The number of jobs, starting at over 6,000, would double in ten years.

Inspection

Estimates by the council indicate that the largest amount will be spent on platforms and offshore loading equipment, which by the end of the decade will be costing £104m a year to maintain. Pipelines are likely to cost another £87m, storage and handling terminals some £45m and downstream plant £44m.

In another calculation the council says that inspection, will cost operating companies about £77m a year, against £45m for cleaning, painting and removing corrosion, £38m for general mechanical maintenance and £22m for structural maintenance.

Most of the new jobs created will be in the skilled trades, which will account for more than half the total manpower requirement. But there will also be a demand for specialists, supervisors, surveyors and inspectors.

United Kingdom Oil and Gas: An Assessment of Related Inspection, Maintenance and Repair Opportunities, Scottish Council for Development and Industry, 1, Castle Street, Edinburgh EH2 3AJ. £2.25

Paisley leads car plant protests

BY OUR BELFAST CORRESPONDENT

THE Rev. Ian Paisley's Democratic Unionist Party in Ulster has accused the Government of "squandering" public money on the establishment of the DeLorean sports car plant in West Belfast.

Mr. Paisley, who has had talks with the Northern Ireland Development Agency, is to lead a deputation from Lisburn council, in whose area the £65m plant will be situated, to meet the agency again today.

He said: "There is a vast amount of taxpayers' money involved. I have been concerned by reports that Mr. DeLorean has warned the Securities and Exchange Commission in the U.S. that only investors who can afford a total loss of the minimum of $25,000 should invest. That is an alarming statement if it is true."

The Loyalist-dominated council's planning committee, although it has no powers in this respect, has appealed to Mr. Mason, Ulster Secretary, to find another site for the project.

West Belfast is predominantly Roman Catholic and parts of the area have an unemployment rate of well over 30 per cent.

Mr. Paisley's deputy, the Rev. William Beattie, who is a member of Lisburn council, alleged that the Government was squandering money. "The public are forced to pay through the nose without any right of objection," he declared.

The Northern Ireland Department of Commerce said it was for the individual investor to choose a site for the new plant.

£75,000 loan to aid micro systems

By Our Belfast Correspondent

THE NORTHERN Ireland Development Agency is to aid an Ulster company, Power Automation Products, in its efforts to secure a slice of the international micro-computer systems market.

The agency will provide a £75,000 loan to the company to enable further marketing in North America and Europe. The company has already signed contracts in North America for the supply of micro-computer-based systems.

A team of specialists in microprocessor technology, working with Medical and Scientific Computer Services in Lisburn, Co. Antrim, has developed the system. MSCS will undertake initial production but Power Automation Products is expected to establish a separate manufacturing facility next year.

One of the first uses for the system will be in the monitoring of faults in power transmission.

Betting duty increase

BY JAMES McDONALD

TOTAL betting and gaming duties collected by Customs and Excise during June, were £29.9m—marginally higher than in May and £4.9m up on June last year.

The main increase over the year was in revenue from off-course bookmakers, with the duty from monthly payments increasing by nearly £3.4m to almost £10.6m.

The total general betting duty — from on-course bookmakers, off-course bookmakers and totalisators—was £18.8m, compared with £15.3m in June, 1977.

Ferranti to lease factory

FERRANTI is soon to sign a lease with the Scottish Development Agency for a 20,000 sq ft factory on the Bellshill industrial estate, near Glasgow.

The Ferranti Scottish group plans to recruit technically-qualified people to build up electronic design and development at Bellshill. Over the next two years it is hoped to provide 160 jobs.

Mr. George McPherson, the Scottish Development Agency's head of factory policy, said: "Ferranti could be the first of a number of new companies setting up on our Bellshill estate with agency help. Negotiations are in hand with three other companies."

£3m contract

CONTRACTORS Robert Marriott of Rushden, Northants, has won a £3m contract to build 250 rented houses for Northampton Development Corporation. They will be the first houses in the town's southern expansion area.

Apple growers launch bid to win back sales

By Christopher Parkes

ENGLISH APPLE growers have launched a campaign to win back the large slice of the British market snatched from them by the French, Dutch, Italians and other overseas suppliers. Domestic apple production is back to normal after the disastrous losses last year.

The British apple crop in 1977 was 27 per cent lower than in the previous year because the cold spring weather killed off the blossoms before the fruit could "set" properly.

French suppliers were particularly qick to move in, covering the shortage and taking advantage of the highest prices at the start of the season when the "10p apple" caught the headlines.

To help consolidate their position the French exporters supported their shipments to Britain with £250,000 spent on publicity during the 1977-78 season—all of it on backing the Golden Delicious variety.

Total 12-month publicity budget of Britain's Apple and Pear Development Council was less than £160,000.

This year, however, the council has increased its charges to growers from £10 in 1977 to £14.50 for every hectare of orchard in production.

High quality

Officials at the council refused to say what effect the good domestic crop would have on retail prices. But there is a possibility of some reductions if the French put up a fight to retain their newly won share of the market.

Last year the Cox's Orange Pippin was worst hit by the spring chills. But this season the crop is back to normal and quality is expected to be high.

Picking will start around the middle of September, although some early English varieties are already on their way to the shops.

The harvest has started in orchards growing the George Cave dessert variety and Grenadier cookers.

Pear growers are expecting another thin crop, although output will not be as low as last season. Production is said to be about 28 per cent higher than last year, but it is still 25 per cent short of the crop in the last "normal" year, 1976.

Plum growers, too, are campaigning to boost sales. Mr. Richard Fisher, leader of a 150-strong group of Vale of Evesham growers, warned that English plums could virtually disappear from the shops in 10 years.

In the past six seasons the area under plum trees in Britain has fallen by more than half, he said.

U.K. scientists for Germany

A MEMORANDUM of Understanding has been signed between the UK and West Germany on the exchange of Government defence scientists and engineers.

The agreement provides for the attachment of defence scientists and engineers of each country to defence establishments in the other. Assignments will last about a year, and may be in research, development or project management, in any of the three Services.

The exchange is intended to improve understanding of each country's methods for the development and procurement of equipment for the armed forces, and to further collaboration and standardisation of equipment within Nato.

LABOUR NEWS

Jenkins predicts gloom if Tories win election

BY CHRISTIAN TYLER, LABOUR EDITOR

A CONSERVATIVE victory at the general election would mean industrial confrontation, a loss of exports, a strain on the balance of payments and further erosion of Britain's manufacturing base, Mr. Clive Jenkins claimed yesterday.

Mr. Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, is one of seven union leaders on the recently-formed "trade union committee for a Labour victory."

But a sharp rebuff came from Mr. William Whitelaw, Conservative deputy leader, who yesterday questioned whether trade union leaders were genuinely qualified to speak for their members on all political matters.

"Do union members—even the 50 per cent who pay the political levy—really support the aims of the Labour Party and the political aims of the TUC?" he asked.

The role of the trade unions was central to economic survival but there had to be agreement and trust about the role they should play.

The trade union committee, headed by Mr. David Basnett, TUC chairman, was criticised this week by Sir Geoffrey Howe, shadow Chancellor, for seeking to impose a closed shop on electoral choice.

Mr. Jenkins said his claims were based on the implications of Conservative Party policies. He explained that a loss of competitiveness would follow the strengthening of sterling that the union expected would greet a Conservative victory because of their pledge to cut public expenditure further.

He said that the biggest issue of the day, and the one that would dominate next month's TUC Congress, was the threat to jobs posed by technological advances like micro-processors. The Labour Party should recognise this "huge crisis" in its election campaign. There was a case for a special conference on new technology.

Mr. Jenkins was introducing the union's quarterly economic review, which forecasts an increase in unemployment of about 200,000 next year.

It also predicts that earnings during Stage Four of the Government incomes policy will rise by 12 per cent, compared with the unofficial target of 7 per cent based on a settlement ceiling of 5 per cent.

ASTMS expects the rate of inflation to rise at the end of the fourth quarter and to reach 10.5 to 11 per cent by next August when Stage Four expires. It says that although real disposable incomes have risen overall during Stage Three, the average wage earner was 3.9 per cent worse off than in August 1975 when the present series of policies began. The worker on double average earnings was 12.8 per cent worse off.

Wave of unofficial disputes disrupts Scottish plants

NEARLY 6,000 workers were on unofficial strike last night in a rash of disputes which have broken out in the West of Scotland.

Fifteen hundred machinists at BL's Bathgate truck and tractor factory have been on strike for three days over a claim for increased payments for operating new computer-controlled machine tools.

The company said yesterday that the remaining 4,000 hourly paid staff were being laid off from last night and production halted.

The dispute comes less than a month after Mr. Michael Edwardes, BL chairman, visited the plant to warn that its future depended on an end to unofficial strikes and restrictive practices.

The 3,000 production employees at the BSR record changer factory at East Kilbride have walked out in protest at the employment of workers over retirement age. The company has said it will reduce the total of 60 workers over 65—one is aged 80—in the near future, but there has been no agreement.

Also at East Kilbride more than 100 maintenance workers at the Sunbeam Electric domestic appliances factory are on strike, causing some lay-offs among the 1,000 production workers. The strikers are seeking wage parity with colleagues in other plants.

More than 1,000 workers at the three Scottish switchgear factories of Reyrolle Belmos have walked out over the suspension of one man who refused to transfer from one plant to another.

The refusal was on the instructions of shop stewards who immediately recommended an indefinite stoppage.

Yet another strike is threatened by 1,700 production workers at Catapillars Uddingston earth-moving equipment plant. Talks yesterday failed to settle the dispute over their annual pay claim and will continue today. The strike deadline is for tomorrow morning.

Former steelworkers press for better deal after closure

BY ROBIN REEVES, WELSH CORRESPONDENT

REPRESENTATIVES OF some 900 men who left the British Steel Corporation's East Moors, Cardiff, steelworks shortly before the special redundancy agreement which secured the plant's closure, are to see the TUC Steel Committee to press for a better deal.

The meeting has been arranged following the intervention of the Prime Minister, Mr. Callaghan, in his capacity as MP for Cardiff South-East, and Mr. Michael Roberts, Conservative MP for Cardiff North-West. East Moors lies in Mr. Callaghan's constituency.

The men want to be included in the East Moors redundancy scheme, which secured the early closure of the plant, in exchange for severance payments to the remaining 3,100 workforce of between £4,500 and £17,000, depending on length of service.

They argue that East Moors was, in any case due to be closed in 1980, and that they were being deliberately encouraged to seek alternative employment.

Port engineers consider union call to end strike

PORT EQUIPMENT maintenance engineers at Hull will today consider a union call to end their two-week-old strike over pay.

All commercial docks, with the exception of the fish dock, were closed to shipping yesterday.

Dock lock gate operators are supporting the strike over a claim for pay parity with dockers.

Those at the King George and Queen Elizabeth Docks stopped work last weekend, when management personnel dealt with a jammed lock gate.

Dock engineers from all over the country met at Coventry yesterday. Shop stewards will report the result of these talks to members over the weekend.

Government action plea

A NEW Japanese challenge to Britain's motor industry yesterday prompted national union leaders to demand firm Government action over imports.

"The Government and industry must really make up their minds what they are going to do with regard to Japanese imports," said engineers' leader Mr. Hugh Scanlon, after a meeting of the confederation of shipbuilding and engineering unions, in York.

The confederation is asking to meet Mr. Eric Varley, Industry Secretary, to discuss the effect of a new Merseyside assembly plant for Japanese trucks, planned by Harris Assemblies.

Mr. Scanlon said: "We want to find out the facts from Mr. Varley, then we shall consider our Leyland men's requests for a national meeting."

Airport's firemen accept peace formula

By Our Labour Staff

FIREMEN at Manchester Airport who have disrupted flights in a dispute over manning last night accepted a peace formula, worked out in management union negotiations.

The 74 firemen, whose sanctions have included a lightning strike earlier this week, which caused the diversion of a number of domestic and international flights, will return to normal working at 8 am today.

The formula involves management acceptance that each of the four shifts during the day will be manned by an extra two men.

Assurances have been given that the service will receive eight extra firemen as soon as possible and in the meantime extra manning will be covered by overtime worked by existing staff.

The firemen, members of the Transport and eGneral Workers Union, pressed originally for a further five men per shift, but this was subsequently reduced to two extra men.

In return, the firemen have agreed to begin familiarisation training on a new range of vehicles that management is intending to introduce. The vehicles will be put into operation once a joint working party on extra payments for the firemen for using the vehicles has reported.

Ambulance tests may end blacking

THE two-week old blacking of more than half of Scotland's 800 ambulances could be over next week.

Ambulance men throughout Scotland have been refusing to use Bedford ambulances after a number of incidents in which they say wheels have come off.

Yesterday officials of the Transport and General Workers' Union agreed to make further stringent tests on the vehicles. If these are satisfactory they could recommend a return to normal working when they meet again on Monday.

Sun pay deal

JOURNALISTS ON the Sun have accepted a productivity deal which will mean a 5 per cent increase in pay, the newspaper said last night.

The jewspaper was not published for 11 issues up to August 4 because of a dispute during which dismissal notices were sentto the 220 journalists involved.

Managers' salaries up 25%

A SURVEY of managers' salaries published today shows that in the two years since March 1976, when incomes policies should have limited pay rises to 14 or 15 per cent, pay increases were of up to 25 per cent.

According to the Institute of Administrative Management, office staff and middle management earning between £4,405 and £5,235 a year had increases of 23 to 24 per cent.

The increases were said to be in line with those of other workers. Higher-paid middle management had not suffered erosion of pay differentials, probably because of promotion within their grades and payment for extra responsibility.

● NEWS ANALYSIS—CANALS

Breaking through barriers on British waterways

BY PAUL TAYLOR

THE DREAM of restoring the 86-mile long Kennet and Avon canal linking the Thames and Severn is on the verge of reality after more than 25 years.

A scheme, Britain's biggest canal restoration project, will be complete in three or four years, providing an invaluable recreation asset for the public—and this week its completion came a step closer when a major obstacle to the project was overcome.

Surveying the work on the canal project it is easy to forget the political tensions which have dogged relationships between the British Waterways Board and Mr. Denis Howell, Minister of State at the Department of Environment.

Tripled

There is little doubt that the lack of public funds has delayed the project and has probably, as a result, tripled the cost since its inception in the mid-60s.

It is therefore ironic that without the unemployment crisis, and subsequent Government policies to alleviate the problem, the canal project might never have been possible.

The Kennet and Avon Canal winds its way over 11 aqueducts and through more than 100 locks dropping over 400 feet from Reading, through beautiful countryside around Bradford-on-Avon and Bath to Bristol and the Severn estuary. Water supply problems forced the closure of much of the canal in the 1950s with the last pleasure craft travelling its full length in about 1952.

An association formed to fight the closure subsequently became the Kennet and Avon Canal Trust which has campaigned and raised funds to restore it for public use.

The first lock was renovated by the trust in conjunction with the British Waterways Board in 1965 but it was not until the 1970s that the final objective came within sight.

The two major physical barriers to achieving the scheme were a 1½-mile "dry" section of canal between Limpley Stoke and Avoncliff in Wiltshire and the historic and unique Caen Hill flight of 29 locks which needed extensive repair.

The first barrier was finally overcome this week when work on the Limpley Stoke to Avoncliff section was completed. This was only possible with the assistance of the Manpower Services Commission, which under the job creation programme, paid the £200,000 wage bill for 184 people, 41 of whom were under 18, during the 21-month project.

A consortium comprising the Waterways Board, Wiltshire County Council and the trust have run the project. The Board has spent £170,000 providing technical expertise and plant, the council sponsored the job creation programme and the trust collected £110,000 for materials.

Benefits

Apart from the environmental benefits and employment created by the scheme the project has also resulted in the development of new canal construction techniques by the Board.

To overcome a leakage problem on this particular canal section caused by the underlying limestone strata, the Board has used a porous Terran Polyester membrane covered with a rock foundation on which to base the three-inch-thick reinforced concrete canal bed.

Having completed the Limpley Stoke to Avoncliff section, which is due to be flooded later this year, the Board's attention is now focused on the last major structural obstacle to navigation, the Caen Hill locks.

This project has created 40 jobs with the Manpower Services Commission once again providing £132,000 under the job creation programme sponsored by Kennet district council. Total cost of this scheme is expected to be £175,000 with the Board providing the £43,000 balance for materials and plant.

The Caen Hill locks are due for completion in December after which the trust hopes to raise the £180,000 needed to re-gate the locks.

The final problem to be overcome by the Board is the negotiation of an adequate water supply for the canal. It is estimated that about 4m gallons of water a day will be required to feed the canal and to date the Board are still consulting the water authorities over possible sources.

Subject to the provision of a water supply the Board hopes to open the 57-mile stretch of canal between Bath and Newbury in phases followed by the full opening in the early 1980s.

The Kennet and Avon canal project will show the low-cost recreation potential of Britain's derelict canal systems, and the Board's ability to exploit this factor given the opportunity.

WATER IN the 1½-mile-long Chesterfield canal near Retford in Nottinghamshire "disappeared" yesterday after a British Waterways Board dredging team pulled out the plug—by accident.

Pleasure craft were left stranded after workmen, unaware of the plug's existence, pulled out a heavy iron chain.

The British Waterways Board said yesterday that the men were on a routine maintenance programme and that because records of the canal were destroyed during the War no one knew of the plug.

The canal water drained rapidly into the nearby River Idle but the Board said it was pleased to have found the plug because water had been leaking mysteriously from the canal for years. A new plug is being made and the canal should be back in operation this weekend.

ENERGY REVIEW: AUSTRALIAN URANIUM BY PAUL CHEESERIGHT

One last obstacle to a mining bonanza

THE AUSTRALIAN Government is slipping into place the final pieces of the jigsaw of ground rules to govern the development of a uranium industry. When talks with the aboriginals on royalty payments and environmental regulations for the Northern Territory deposits have been successfully concluded, there will be no further obstacle to mining.

For the international nuclear industry it has been a long wait. No sales contracts have been signed since 1972. Even now there is only one group with the authority for negotiations with potential customers. There is only one mine in operation: Mary Kathleen Uranium, a Rio Tinto-Zinc unit.

Indeed, Australia is a country of mixed blessings as far as the industry is concerned. It holds some 20 per cent of the world's uranium reserves on the basis of present estimates and it is politically stable. On the other hand bitter internal arguments have held up the working out of a development policy. All that, however, is in the past.

"Australia's policy is based squarely on our recognition of Australia's obligations as a country well endowed with energy resources to make those resources available to other countries, many of which have no real alternative, in the wake of the world energy crisis, to turning to nuclear energy as a means of supplying electricity to their peoples," Mr. Douglas Anthony, the Deputy Prime Minister, has said.

Beyond the modest amounts of uranium oxide coming from Mary Kathleen, the resources will be available in growing quantities from 1981-82, building up to around 20,000 tonnes a year by the mid- to late 1980s. The first new mine to start construction will be Ranger, owned by Peko-Wallsend, EZ Industries, and the Commonwealth of Australia itself. The vagueness of the date at which its production will become available is explained by the current talks with the aboriginals of the Northern Territory.

If the talks can be quickly concluded then construction can start during the current dry season, which lasts to about November. That would enable the mine to come on stream by 1981. If there is a delay and the matter goes to arbitration, construction will not start until the dry season of 1979 and production will be held up.

The aboriginals, through the Northern Land Council, a statutory body established to guard their interests as traditional landowners, originally sought a royalty on operating profits of 36 per cent. The Commonwealth, in seeking terms for Ranger has offered 3.75 per cent plus, it is thought a down payment of A$2m (about £1.2m). The level of royalty established will set a precedent for the other mines of the Northern Territory—Jabiluka, owned by Pancontinental Mining and Getty Oil; Nabarlek, owned by Queensland Mines; and Koongarra, owned by Noranda.

If current plans are realised all three mines will be in production by 1983. Others elsewhere in Australia are likely to come along later, led by Western Mining Corporation at its Yeelirrie deposit in the west of the country during 1984. In spite of the local industry's cynicism about the Great Australian debate on whether to develop uranium resources at all, the timing could be fortunate.

The speedy development of nuclear power stations envisaged immediately after the energy crisis of 1973-74 has not taken place. Growth forecasts have been repeatedly scaled down. Last March, the Australian Atomic Energy Commission calculated that in the period to 1985 western world requirements for nuclear fuel would be 190,000 tonnes, or 69,000 tonnes less than the estimate of January 1976. The Commission similarly lowered its estimate of Australian uranium sales for 1980-85 by 36 per cent to 33,000-50,000 tonnes.

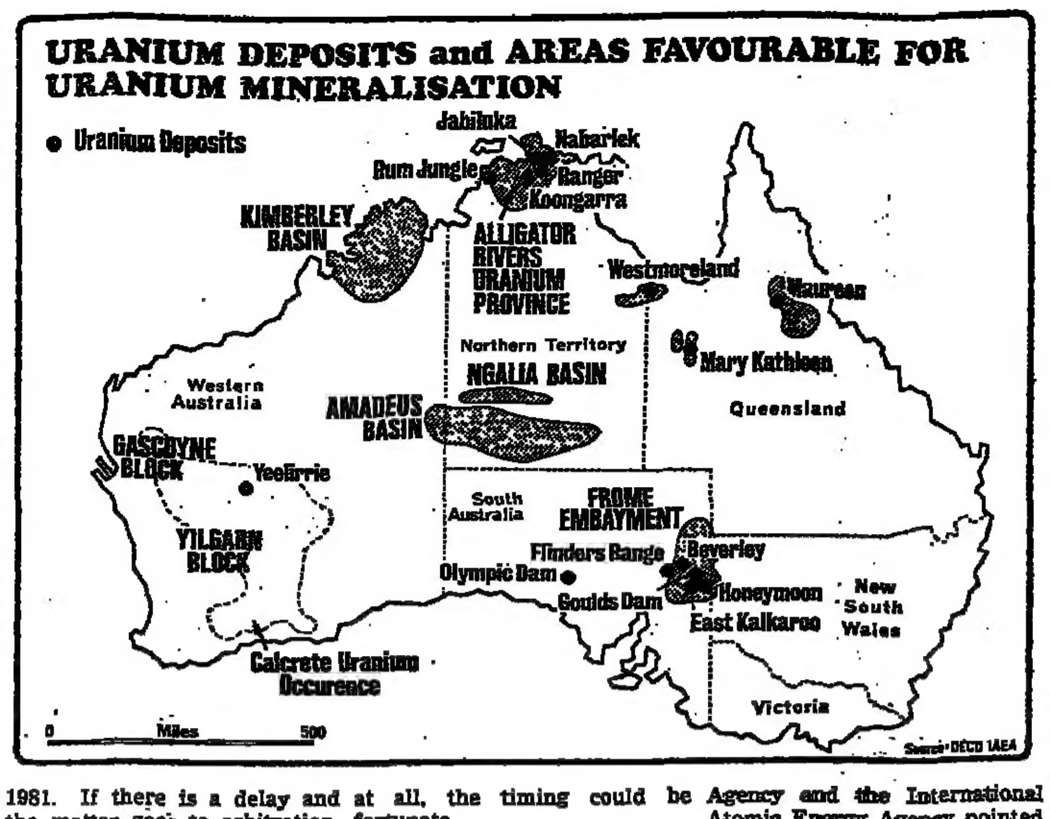
But figures presented to the Uranium Institute annual symposium in London last month by Mr. Barry Lloyd, the general manager of Ranger Export Development, indicated that production from the Northern Territory mines, Yeelirrie and Mary Kathleen would be at the lower end of the Commission estimate, with a cumulative 1980-85 output of 33,750 tonnes.

Looking at the global position in December 1977, a report by the OECD Nuclear Energy Agency and the International Atomic Energy Agency pointed out that international production would be around 30,000 tonnes in that year, compared with a production capacity of almost 33,000 tonnes a year. "Estimated uranium resources show that there is the ability to produce upwards of 90.000 tonnes a year by 1985, if there is sufficient economic incentive and stability to provide the basis for orderly growth," the report said.

"Beyond 1985, increasing importance must be placed on production in countries which have not heretofore provided substantial supplies of uranium, and additional resources must be identified wherever possible."

On that basis, the role of Australian supplies is likely to assume increasing importance. Mr. Lloyd, referring to OECD/IAEA figures, estimated Australian production in 1990 at 24,000 tonnes of uranium oxide of a world output of 117,400 tonnes. This would make Australia the largest producer outside the U.S., whose output would be 42,500 tonnes.

Relating these projections to consumption, the estimated demand outside the Communist world is conservatively put at 111,000 tonnes, of which the U.S. would account for 41,500 tonnes, or a little less than its likely domestic output; Europe for 40,000 tonnes, and Japan for 17,500 tonnes.



PRINCIPAL AUSTRALIAN URANIUM DEPOSITS

Company	Commenced exploration	Date of discovery	Deposit and location	Initial reserves (tonnes of uranium oxide)	Latest resource estimate (tonnes of uranium oxide)	Production plans (tonnes per annum of uranium oxide)
Noranda Australia	1966	1970	Koongarra NT		18-30,000	2,000
Pancontinental Mining	1970	1971	Jabiluka NT	3,500 (Jan. 1973)	207,400	3,000 rising to 9,000
Electrolytic Zinc/ Peko Wallsend/ A.A.E.C.	1967	1970	Ranger NT	71,000 (Nov. 1970)	100,350	3,000 rising to 6,000
Queensland Mines	1959	1970	Nabarlek NT	8,000 (Aug. 1971)	9,100	1,080
Mary Kathleen Uranium		1954	Mary Kathleen QLD		6-7,000	584 (actual 1977 production)
Oilmin/ Western Uranium	1967	1970	Beverley SA	2,500	15,000	1,360
Western Mining Corporation	Late 60s	1972	Yeelirrie WA	46,000 (Mar. 1973)	46,000	2,500 approx.

Source: Ranger Export Development

A plateau

The delay in the development of Australian resources thus does not necessarily damage the long-term prospect for the industry. Despite current rapid expansion of the South African and Canadian industries, there is a space in the market for Australia, although not at this moment. Indeed, the Australian mines could avoid—involuntarily it is true—a trough in the market.

At the Uranium Institute, there seemed broad agreement that after a strong rise in 1973-77, uranium prices had reached a plateau. As Mr. Lloyd put it, "One must draw the conclusion that the industry is heading for a short-term surplus followed by the inevitable shortage, or that buyers believe that many of the production facilities currently being planned will not reach maturity. . . . It is my own belief that the uranium supply industry is destined for a lean period over the next few years followed by another period of rapid expansion as the log-jam restricting nuclear reactor sales is breached."

There has been no lack of inquiries from the nuclear power industry for Australian uranium. Sales will, however, be tightly controlled by the Government, which later will have a Uranium Marketing Authority to advise it. No sales will be made without the signing of national bilateral safeguard agreements, based generally on the stipulation that the uranium will only be used for peaceful purposes. More specifically, the agreements would engage the customers to seek Australian consent to enrichment beyond a certain level, to the transfer of the material to a third party, and to re-processing.

At the same time Australia would not relinquish title to the uranium until it passed into the International Atomic Energy Agency safeguards system. But while the policy remains firm, and is close to those adopted by the U.S. and Canadian Governments, its application remains fluid and dependent on the discussions taking place within the context of the International Nuclear Fuel Cycle Evaluation Programme.

So far Australia has signed a bilateral agreement only with Finland, but talks are advanced with the U.S., Iran, the Philippines, Korea, and Japan. It is in these areas that commercial talks are going on about contracts for Ranger so that purchases are matched to production for the first 10 years of its existence. Safeguard talks are also taking place with Sweden, though the chances of an agreement are more distant. There is, however, not likely to be any movement on the vexed question of Australian sales to the European Community countries, embraced by Euratom, at least until after the summer.

The UK had initialled a bilateral agreement, but it was not permitted by Euratom, which is supposed to act for the Nine. The French are also thought to be interested in a bilateral agreement, and had the UK received authority to sign, it is possible the Germans might have followed suit.

The momentum of talks with prospective customers has picked up over the last year, since the Australian Government committed itself to a policy of development based on the report of the Fox Commission. The Commission had been set up by the former Australian Labour Government to examine the environmental implications of the planned Ranger development and started work in 1975.

It was essentially seen as a means of providing a politically harrassed Government with a plan to push ahead with uranium mining while reconciling as best it could an opposition worried variously about the environment, the future of the aboriginals, nuclear proliferation, and accepted techniques of economic growth. The report eventually provided something for everyone, but the debate about uranium would probably still be intense had not the Liberal-Country coalition effectively blunted the political opposition by winning the general election last December.

Trades union opposition to uranium mining has been progressively eroded, so that bans on overseas shipments from the docks have been lifted, and union authorities are actively vying with each other to represent employees at the future Northern Territory mines. Even if the Australian Labor Party is returned to power at the next election with union support, it is likely to find the industry well entrenched, locked into international loan and supply agreements, and impossible to dismantle.

In any case, the rewards for the Australian economy at large are likely to be extensive. Pancontinental/Getty, whose Jabiluka deposit is the largest in Australia and which has received enquiries for more than 45,000 tonnes of uranium oxide for delivery up to 1990, estimates export revenues from the project of A$3.4bn in the first 10 years of its life.

Optimistically and from an Australian point of view, this could be a mere scratching of the surface. Australia's reserves are not only vast—about 400,000 tonnes of uranium oxide—but they are also high grade and low cost. And there is plenty more to find. Another orebody has been discovered at Ranger. It could well be as large as the original which itself has not been fully defined. Only a small part of the Northern Territory has been explored and deposits are being found elsewhere on the continent.

FINANCIAL TIMES SURVEY

Friday August 11 1978

Pakistan

The military regime of General Zia which displaced the former Prime Minister Mr. Bhutto—currently under sentence of death—still faces the same political and economic problems. These are a divided nation, widespread poverty and underemployment of resources.

Two men and a nation

By Simon Henderson
Pakistan Correspondent

BHUTTO, ZIA—Zia, Bhutto. Pakistan's history of the last year has revolved around the fortunes of these two men to a degree that has made the rest of the world dizzy. On one level it is a simple case of a military leader overthrewing a high-handed civilian ruler and then putting him on trial for his misdeeds. But on the other, it has been a complicated struggle for power, a struggle which is not yet over.

The only near-certainty in Pakistan is that the former Prime Minister, Zulfikar Ali Bhutto, is not going to be allowed to return to power. As his appeal against the death sentence draws to an end over the next few weeks the certainty will crystallise into either death, imprisonment or exile. There is no doubt in the minds of people here that whatever the supreme court may decide in the case of political murder of which Mr. Bhutto has been found guilty, the senior generals are not going to allow Mr. Bhutto a chance of revenge.

The question has remained relevant throughout the year because of the peculiar nature of the coup by the Chief of the Army Staff, General Mohammed Zia-ul Haq, on July 5, 1977. Any other takeover might have led to Mr. Bhutto dying in a hail of bullets that very morning, but this one has led to a complicated legal procedure of making Mr. Bhutto face the consequences of his years of rule since the break-away of Bangladesh in 1971.

The current suspense over Mr. Bhutto's fate has pervaded each action of the army. Mr. Bhutto has remained a popular figure and however much that popularity has been dented by the army's public relations campaign against him, other parties have profited from the mistakes and bad luck of the martial law government.

The result is that doubts have always remained in the public eye about General Zia's credibility. At the time of the coup questions were asked whether he was really the man behind it; many felt he would not survive the year before another senior officer pushed him to one side. It is a constant surprise to many that he has survived, but the corollary of this, that he is really a stronger man than he seems, is still not widely accepted.

Interpretations of General Zia are that is is either naive, inconsistent or Machiavellian. When he took over it was only for ninety days before a return to democracy from elections in which Mr. Bhutto himself would be allowed to take part. After Mr. Bhutto's arrest in September on the murder charge it soon became clear that elections in October would not take place and a process of accountability was started against Mr. Bhutto and other politicians, mainly those in his former governing Pakistan People's Party. Elections were still promised but their date was becoming vaguer.

Changes

With the mechanism of a return to civilian rule less certain, General Zia set about making a few changes in the system. At first it was to raise the importance of Islam in Pakistan society. The general, a pious Moslem, set a personal example. But soon it also began to cover economic policies as well. In the name of setting the economy on its feet after the upheavals which culminated in the collapse of Mr. Bhutto's government, General Zia set about enacting a series of Right-wing measures. He did not hide that they were so. In one interview he declared himself a Right-winger and proud of it.

The greatest source of strength to General Zia over the year has been the visible support of the armed services and the bureaucracy. Although with some political groups his relations have steadily deteriorated, in the past few months he has completely won over several sections of the former opposition to Mr. Bhutto, the Pakistan National Alliance.

This has finally culminated in last week's news that the PNA is prepared to join the General's "national government."

But he may have misjudged comparative political strengths. The political scene in Pakistan has some permanent constituencies and a large mass of votes which has to be swung either way. Most of that mass is either still uncertain or still remembers the benefits handed out to it personally by Mr. Bhutto.

An enormous amount of political ground remains to be covered before elections can produce a result which does not favour the surviving rump of the People's Party or split the vote hopelessly in half-a-dozen different ways. Among the former opposition, the National Alliance may have been an effective force to bring down Mr. Bhutto but since army rule its decision-making procedures have proved horrendously slow.

The next step in a new political direction will be the local elections talked about for the end of this year. Although they will be fought on a non-party political basis, General Zia hopes they will throw up a new selection of leaders, particularly at the grass roots where there has always been a dearth.

For a longer period of guaranteed stable rule, General Zia desperately needs a political base to support him when unpopular decisions have to be taken. The direction of the development is already there. When he first arrived on the scene he ruled in a military council of the other chiefs of staff. Then last January a council of advisers, mainly generals and bureaucrats, was established.

The new Cabinet formed in July includes Muslim League politicians and will now be adjusted to make room for other PNA politicians as well. Most of these politicians are expected to insist that the Cabinet itself makes the decisions, instead of the coterie of senior generals which has made the running up to now.

Although the economic climate in Pakistan has improved since the political upheaval which ended Mr. Bhutto's regime, it still has to show a steady advance on the rather poor performance in industry and agriculture of the Bhutto era. If it does not improve in agriculture, the Weather Goddess will probably be blamed. The result will be a continuing poor wheat crop, a cotton crop down on forecasts and probably only a rice crop of which to be proud.

On the industrial front, wage demands and labour unrest can be held down by martial law but real improvements depend on new investment, new drive and new machinery. The new Five-Year Plan contains optimistic forecasts for both the agricultural and industrial sectors but it looks increasingly as though the next year will be more concerned with making up the shortfall on wheat and persuading the Western consortium nations to provide debt rescheduling.

The political uncertainty has overlapped in to the field of foreign affairs where after a steady improvement in relations with both India and Afghanistan in the first part of General Zia's rule, obstacles have again appeared. In the case of India it was the re-emergence of fears of hegemony and with Afghanistan the cause was the pro-Communist coup in Kabul in late April. In both cases party political opinion in Pakistan was more insular than the attitudes of the immediate ruling class.

Ties

At the same time ties with the Islamic States have remained close, despite their misgivings about the death sentence on Mr. Bhutto. Their friendship has yet to be proven in terms of new economic assistance, however. In this context General Zia's imposition of the Islamic code has also won him some Arab friends.

On the other hand, the violent sides of that code—public hangings and floggings—may have adversely affected Western attitudes. At this moment criticism extends to Pakistan's mounting inability to fend for itself economically, and its determination to make France sell it a nuclear processing plant in the face of American displeasure.

The problem that surmounts all others, however, is the legacy of Mr. Bhutto. His supporters have a faith in his revival which does not brook argument. His detractors think the former Prime Minister's end will be met with a cry of delight from the population. If the reaction to the next stage of the military's campaign against Mr. Bhutto is muted it will probably be mainly because of widespread arrests beforehand. His supporters say lists are being prepared by the police and it only remains for them to decide whether to go underground or not. The problem for the regime is that the reputation of Mr. Bhutto will continue to exist independently of the man.

This is the real test for General Zia's Government and depends on policies rather than police actions. A former senior military officer, whose opinion is still much respected in official circles, describes the Zia Administration as second-rate. Politicians and administrators of consequence say the General is surrounded by sycophants and receives poor advice and while his Government lacks credibility, Bhutto will be a problem, dead or alive.

General Zia now has to steer a difficult course through a maze of economic, political and foreign policy problems. A senior member of his political think tank says his eyes must not be closed to the problem of regionalism either. The General has shown a tactical cunning in avoiding political confrontation in the past year but now advocates outright capitalism to replace the socialism of Mr. Bhutto. During the coming year it looks as though he will have to master the political consequences of this economic thought.

Political conundrum for the General

THE POLITICAL monsoon that swirled over Pakistan in 1977 has left most politicians and their parties wondering about their futures—*or even if they* have a future.

The General Election of March 1977 will always be an important landmark in Pakistan's political history—and not just because it has now been condemned as a rigged election. For the first time the country's fractious opposition parties dropped their squabbles and were united in one over-riding common aim — to unseat Mr. Zulfikar Ali Bhutto and his ruling People's Party (PPP).

Nine parties, which until then had held irreconcilable political viewpoints, worked out a common platform under the name of the Pakistan National Alliance (PNA). Now, after 17 months, the PNA still exists—but only just. And its leaders cannot be certain that they have succeeded in achieving their main objective. Mr. Bhutto and his People's Party still constitute an important political force.

The events of March to October have already been well documented, but are worth recounting. As the election results were announced, giving Mr. Bhutto and the PPP 155 of the 200 National Assembly seats and leaving the PNA with just 37 seats, there was uproar. PNA supporters went on the rampage, claiming the election had been rigged—and most of them would now argue that the White Paper just released by General Zia's military government vindicates their claims.

BASIC STATISTICS

Area: 307,373 sq miles
Population: 72.37m (1976)
GNP: Rs 133.18bn (1976)
Per capita: Rs 1,840
Imports: Rs 21.13bn (1976)
Exports: Rs 13.84bn (1976)
Imports from UK: £121.1m (1977)
Exports to UK: £48.3m (1977)
Currency: £ Rs 19.037

Attack

They demanded fresh elections. Supporters of the PNA stopped paying taxes. Street demonstrations were widespread and by mid-April the *homes and offices of PPP supporters* were coming under attack.

By mid-June about 11,000 PNA *supporters were behind* bars. Mr. Bhutto, still refusing to call fresh elections, was leaning more and more heavily on the military forces to maintain some semblance of order. Martial law had been imposed in Karachi, Hyderabad and Lahore.

When negotiations finally started with PNA leaders, conflict had already escalated beyond control. For the first *four days of July Mr. Bhutto* and PNA leaders were locked in negotiations round the clock. Whether their differences would ever have been resolved will always remain unanswered, because on July 5, to the great relief of a fevered Pakistani population, the Army Chief of Staff, General Zia-ul Haq, swept Mr. Bhutto from power. He suspended most of the constitution, dissolved all assemblies, banned political activity and imposed martial law.

The PNA gave its full blessing to the military takeover. It was at this point probably at its peak. For *six months it had* operated unexpectedly well as a coherent political force: Mr. Bhutto had at last been deposed and all that was now needed was to restore order and call fresh general elections.

Both aims looked as though they would rapidly be fulfilled. General Zia had restored calm, and he committed himself to fresh elections "within 90 days."

Now, almost 400 days later, there have, of course, still been *no elections, and there is no* prospect of any in the near future. The old conflicts that once divided the parties in the PNA have started to re-emerge, so that the "Alliance" is now barely more than a name.

To discover why this has happened, it is necessary to look carefully at the nine parties that made up the PNA, with their leaders, and to understand why General Zia has retreated further from the idea of free *elections the longer he has been* in power.

Five of the parties in the PNA count for very little; the Pakistan Democratic Party, the Khaksars, Jamiat-ul-Ulema-e-Islam (JUI), Jamiat-ul-Ulema-e-Pakistan (JUP), and Azad Jammu and Kashmir Muslim Conference are either extremely localised in their support, or are one-man parties. They tend to be orthodox Islamic and *parochial*.

Of the four remaining, the Jamaati-Islami (JI) has the strongest organisational base. It is particularly strong in the Punjab, with a lot of secular support despite its Islamic fundamentalism. But its leader, Mian Tufail Mohammad, lacks any widespread support.

In contrast the Tehriq-e-Istiqlal has a strong following based on its leader, retired Air Marshal Asghar Khan, but lacks a strong party organisation. It tends to gather middle class support and has a liberal leaning except on economic affairs.

The National Democratic Party (NDP) was created in the ashes of the banned National Awami Party (NAP), which was lead by the veteran Wali Khan. *It has a strong base in Paki*stan's two western provinces, Baluchistan and the North West Frontier Province, and is led by a Baluch, Sherbaz Khan Mazari.

Finally, the Muslim League has strong historical links with the creation of Pakistan, but it retains just a shadow of its early power. Led by a Sindi, Pir Pagaro, it is strongly Islamic without being as orthodox as JUI, JI or JUP.

Once Mr. Bhutto had been deposed, the real weaknesses of the PNA patchwork began to show: assuming that General *Zia would not allow the Peoples'* Party to return to power while it retained a commitment to Mr. Bhutto, then it was from these parties that a new government would have to be formed. But none of them had any national appeal, or basis of support, that would seem to *make them competent* as a party of government.

So when General Zia announced a new date for General Elections, and allowed politicking to recommence, it was soon clear that the competition was between Mr. Bhutto and the military Govern*ment*. Support *for the* PPP grew rapidly, and only accelerated when General Zia tried to bring it in check. Long standing murder charges were brought against Mr. Bhutto, and he was imprisoned. After winning an appeal for bail, Mr. Bhutto was again imprisoned, this time on a martial law order.

The PNA was a spectator to most of this, so great was Mr. Bhutto's domination of those election weeks, and in the end they called for postponement. General Zia obliged, and put a fresh ban on political activity.

The postponement is a political watershed for three reasons. First, for the PNA it prompted the defection of Asghar Khan and the Tehriq-i-Istiqlal. The Air Marshal's view was that now no elections were likely for some time, then the whole raison d'etre of the PNA had ceased to exist: he committed himself firmly to opposition (in the parliamentary sense) to the new Government—General Zia's military regime.

Second, it forced General Zia *to assume a whole range of civil* responsibilities: he had allowed the economy to drift since the July coup, arguing that it was not the job of the army to run the country. With no immediate prospect of a return to civilan rule, General Zia could not allow the economy to remain rudderless any longer.

Manifest

Thirdly, it made manifest the difficulties of transferring power to a civilian government. *Assuming that General Zia* genuinely intended to relinquish power as soon as possible, (and many would dispute this), then it was at this point that he realised just how hard it was going to be.

Retired General Rao Firman Ali, a senior political adviser to General Zia and a member of his "think tank," explained the contradictions: "There is no *historical example of a military* government handing over power to an elected government. In the army men must accept orders and cannot criticise their generals. In a general election, General Zia would have to allow criticism, and since he is in power, this would involve criti*cism of him. If he allows* this criticism, then his men will think he is weak, but if he does not allow it, then there is no hope of regaining civilian rule."

The most palatable option has therefore been to aim for an appointed government—a "National Government"—com*prising civilian* politicians and generals, which would allow a gradual shift to non-military administration and eventually to elections.

It has been this quest for members of a national Government which has put the PNA under such stress: on the one *hand, the PNA* is firmly committed to democratic rule at the earliest; on the other, politicians who have been starved of power for 25 years are being tempted by the offer of office—and the perks that go with it. The most severely tempted have been those least likely to make a strong showing through national polls.

Rao Firman Ali also recognised that Pakistanis like a leader to be a "sher da puttar"—a "son of a tiger": they like him to be powerful and decisive (hence Mr. Bhutto's persistent appeal). So General Zia was advised first of all to court the *country's two* most charismatic politicians—Mr. Bhutto excluded: he went first to Asghar Khan, tempting him with Presidency of a National Government. Asghar Khan refused, sticking to his demand for fresh elections, and repeating his commitment to the role of opposition.

The General then went to Wali Khan, the respected NAP leader, who emerged in January 1978 after three years of imprisonment. Wali Khan also refused, recognising that identification with the military regime could do his political reputation no good. He also reiterated the need for fresh elections.

Abandoning this tack, General Zia then said he would form his own Cabinet. When it was unveiled just a month ago, PNA leaders were enraged to discover that it comprised defected Muslim League Members. Just a week ago, the Jamaati-Islami lead six of the remaining PNA parties into the government, producing yet another important split in the ranks. The NDP has refused to join the Government, and now joins Asghar Khan's Tehriq in the opposition ranks.

General Zia now seems bent *on* building *up* the Muslim League and the Jamaat-i-Islami as Pakistan's civilian parties of the future; they certainly match his own political leanings, with the ML standing for Pakistani nationhood and the JI for a more rigid application of Islamic law in Pakistan's civil and legal administration. General Rao Firman Ali claimed to be convinced that these two parties had broad enough support in the community to make a credible civilian government, and *that* General Zia's support for their efforts would only enhance their reputations further.

Needless to say, others are more sceptical, arguing that the ML and JI will lose what little support they have because of what the public see as a shabby grab for power.

One other political development is worthy of mention: General Zia's plan for three-tier local government elections in *December*. The General has rightly recognised a political void at the grass roots, and hopes to fill this through carefully designed local elections. The plan has unfortunately been identified with the "basic democracies" disastrously introduced by General Ayub Khan, who ruled Pakistan throughout the 1960s. Whether this identification is fair is unproven, but the public reaction has been either indifferent or cynical.

Chagrin

Throughout the year the PPP and Mr. Bhutto have refused to die as a political force—much to General Zia's chagrin. An attempt to split the party by tempting a faction led by Maulana Kausar Niazi into support of the government has failed. A large proportion of the Pakistani electorate — perhaps even a majority — is still riveted by the charisma of Mr. Bhutto. It seems that despite all the General's efforts, his shadow will continue to dominate the political stage, whether he is dead or alive.

Herein lies General Zia's insolvable conundrum: how can he genuinely be planning for democratic elections when the electorate, given a free choice, would return to power the one man that he cannot afford to have in power? The implication is that he intends to stay in power for quite some time to come.

David Dodwell

Heavy debt burden on the economy

PEOPLE WHO might have expected that the economy of Pakistan was at a crossroads, following General Zia-ul Haq's takeover, may be forgiven for thinking that instead of turning right or left, it has just continued straight on.

In the past year several economic indicators have shown signs of a welcome improvement, but doubt must be cast on the future because the most recent budget, published at the end of June, was essentially in the same unimpressive mould as budgets over the last 20 years. The Five Year Plan, published in the same month, has been described by one group of experts in Islamabad as little more than a set of pious hopes. In fact the annual development programme for 1978-79, the first year of plan, already admits to a deficit of $300m.

The weaknesses of the economy are the same as they have been for years; an over-reliance on agriculture, underinvestment in industry, antiquated plant, poorly trained management and hence low productivity. Exports are up but so are imports, so the result is an ever widening trade gap.

Afloat

At times everything seems to be kept afloat by remittances from Pakistani labourers on contract in the Middle East, which now run at about $100m a month. Yet there is no way to channel this into productive investment. The small industries which emerge owe everything to the entrepreneural talent of individuals. Some of the money is invested in land, but too much goes on consumer items—either more meat and better food for the family, or imported luxury goods. The country's airports are awash with labourers travelling home carrying huge Japanese radio/cassette tape recorders and it is not unusual to find homes with a colour television, although Pakistan has only a black and white network.

The Government seems to ignore these basic facts when outlining the targets of the Five Year Plan. True, the indices are cheering; inflation has been brought down from 30 per cent to single figures; agricultural growth has more than doubled to 4.3 per cent, and last year's decline in industrial output has been checked. Industry is now growing at a rate of 4.7 per cent.

However, everything seems to depend on debt rescheduling. The country is about $7.5bn in the red, and interest payments and repayments of loans were going to reach about $500m this year. Pakistan therefore made a strong appeal to the World Bank consortium at Paris in June that if the Five Year Plan is to have a hope of succeeding the consortium countries should reschedule to the tune of $300m a year for five years.

Most countries were reluctant to reschedule, and to date only Sweden, Holland and the UK have made promises to reschedule or showed signs of entertaining such thoughts. The hawks, led by the U.S., seem to be holding out against the move. They argue firstly that remittances are high enough to meet Pakistan's trade gap, secondly that Pakistan has proven less responsive than almost any other developing country to suggestions on how to improve its position.

There were two other arguments articulated or in the background. One was American opposition to Pakistan's planned nuclear reprocessing plant which has prompted Washington to limit its aid to concessionary PL480 wheat. The other was American and European concern over drugs. Pakistan is becoming an even greater source of opium than the golden triangle of Burma and Thailand. Foreign diplomats are not amused by what they call Pakistan's "underestimates" of opium production, nor do they feel that enough is being done to control the problem.

The arguments over the economy then become entangled in figures. If remittances are included, the debt service ratio is only about 18 per cent. If they are not, the figure is nearer 38 per cent. The economy is so committed to high cost, long gestation projects like the *Karachi steel mill, cement* plants and fertiliser plants that little can be cut back on development projects. The rest of the budget is mostly concerned with sacred items such as defence, administration and food subsidies. Although foreign countries recommend cutbacks, there is precious little political room for it. The administration argues that once the present hump of the development project spending is over, the whole job of making ends meet will be easier.

The new Five Year Plan for 1978-83 is really the first long-term plan this decade (the previous one was abandoned in confusion in 1972). It expresses "determination to delay costly new projects until some of the long-gestation projects are completed

"In the meantime, efforts have to be focused on improving the efficiency of the economy by increasing allocation of resources to agriculture and rural development."

The plan calls for an investment of $21bn—$14.8bn in the public and semi-public sectors, and $6.2bn in the private sector. Seventy five per cent of these funds are to come from domestic resources and national savings. The target growth rates are 6 per cent per annum in agriculture and 10 per cent in industry.

Ambitious

The figure for agriculture is admitted to be ambitious in terms of past performance but is said to be essential for meeting objectives of basic needs, stabilising prices and improving the balance of payments. However, in view of last winter's poor wheat crop and fears of a less than bountiful cotton crop this summer, the targets must already be considered unrealistic. Projections of wheat self-sufficiency and substantial increases in cotton exports have yet to have solid foundations.

The Plan relies heavily on domestic savings to reach its industrial growth targets, and there are still few signs of a higher level of domestic saving. But harking back to the days of the Right-wing dictator, President Ayub Khan, the plan recalls that a domestic savings ratio of 13 per cent was achieved in 1964-65 and considers that improvements in the terms of trade and growth of gross domestic product make the target not unrealistic.

When pressed on the obvious difficulties embodied in the Plan, government officials defend it as a flexible framework rather than a blueprint and there are bound to be wide divergencies. One quoted T. S. Eliot and spoke of the "shadow between the idea and the reality."

The government seems to be hoping for a revival of the private sector, and during the past year there have been several measures announced to revive investment in this area. The chemicals and cement industries are now completely open to private business and all the other industries which were closed to them by the nationalisation policies of Mr. Bhutto have all been redemarcated. There has also been a series of fiscal changes: the lowering of interest rates for bank loans on fixed investment, the abolition of tax on the issuing of bonus shares and an increase in tax credit on investment. The aim, as stated by the five-year plan, is to increase the private sector stake in industry from the present figure of 26 per cent to nearly 50 per cent.

So far, last year's budget gap and this year's anticipated gap have been filled by some economies in spending, and improvements in tax administration. In addition there was a series of new taxes in January on luxury goods such as cars and air conditioners, and in the July budget on telephone calls, air travel, electricity charges, cement and edible oils. These later measures most affect the ordinary Pakistani family and it seems likely that future measures must make further inroads into this area. At the moment vast numbers of people escape the tax net completely. The revenue collection system relies on import duties, and even central excise is mainly a tax on production. An all important area to be drawn into the tax net is agriculture but, despite international recommendations, no agricultural income tax has yet been levied.

The economic future of Pakistan over the next two years thus depends on how well the Government avoids a series of identifiable hazards. To this extent the economic decisions are easier to take than those in the political arena where difficulties are less precisely located. If indicators continue to improve and private investment takes off, then obstacles *such as congestion at Karachi* port, an inadequate road system and an overburdened network of railways may not be insurmountable. But if the revival of the past year falters because of a failure to take necessary but unpopular decisions, then current problems could take a stranglehold on the economy.

S.H.

Need for foreign aid

THE QUESTION of foreign investment in Pakistan is the problem of the economy in general writ small—a wait-and-see attitude is all pervading. Closely associated with this, although for different reasons, is the attitude of foreign countries towards aid and loans. But whereas the first is based on political uncertainty, foreign observers are more concerned with economic doubts.

Despite these factors the past year has seen a welcome consolidation of various measures taken to improve the investment climate and hopes remain relatively high of subsequent success in at least some sectors. Combined with the better business climate, increased remittances from Pakistanis working abroad have resulted in a growth in GNP of around 6 per cent. But further growth is expected to be adversely affected by high wheat imports during the year ahead.

Perhaps the most important economic decision made by the Zia Government has been to demarcate anew the public and private sectors so that most industries are now open to private investment, even if this does involve Government permission first. The exception is utilities, but there has been interest shown in a whole range of the other industries like cement and the recently denationalised rice husking, cotton ginning and wheat depots.

The real long-term uncertainty revolves around the country's dangerous balance of trade position. Pakistan now imports goods to twice the value that it exports. The balance of payments position is only rescued by the high level of remittances from ex-patriate workers. And top officials concede that although this income is probably secure for the next three to five years, after that anything could happen.

The latest World Bank figures show that the Pakistan public sector's foreign currency funded debt (that is loans arranged for an original maturity of at least a year) amounted to about $6bn at the last count—end-1976. The bulk of this, $4.8bn, was bilateral official debt—owed to other governments—while a further $1bn was owed to multilateral agencies like the World Bank. The amount owed by entities in Pakistan to Western banks and suppliers is relatively small.

Principal and interest payments on Pakistan's end-1976 $6bn funded debt were calculated by the World Bank at about $500m in each of the years 1977-82.

Doubts about the state of payments have been the basis for procrastination by the aid-giving countries, particularly those of the World Bank consortium. At Paris in June Pakistan asked for debt rescheduling of $300m a year over the five years of the new Five-Year Plan and a decision has yet to be taken. The consortium countries variously expressed uncertainty over whether Pakistan's new policies would in fact put it on the right road to development and these misgivings have increased following the latest requests by Pakistan for 2.3m tons of wheat in aid this year.

Tied

The other main sources of aid are the OPEC countries and the Communist bloc. In the case of the former, aid is strictly tied in most cases to specific projects, although useful, this aid is more cumbersome than, say, commodity aid which can easily be used for budgetary support. Disbursements of aid from the Muslim countries are expected to fall this year from $228m to $196m—the second successive year of decline. Although this aid is useful it is small compared with that coming from the consortium countries, who this year promised $850m, with actual disbursements running slightly slower.

Aid from the Communist bloc is again project-tied but the year has seen the successful completion of the Karakoram highway to China, built with that countries' technical assistance, and from the Soviet Union a new agreement has secured the extra funds needed (about $260m) for the massive Karachi steel mill project.

The uncertainties over aid mean constant juggling with the budget. With every month that passes before the consortium allows some sort of debt relief, this manoeuvring will have to increase.

Watching the consortium attitude closely is Iran, which for the first time this year was an observer at the Paris meeting. Pakistan has already defaulted twice, with permission, on repayments to Tehran (due in January and July) on a $570m loan made in 1974 to help Pakistan ride over the worst effects of the 1973 oil price increase. An awareness in Islamabad that the Shah is less than happy with Pakistan for a variety of reasons will make it interesting to see whether the payment due in December is defaulted with or without permission.

Pakistan has now dropped from its budget calculations a commercial loan of $300m being organised on the Eurodollar market by Citibank with an Iranian guarantee. The death of this loan is assumed to be due to differences between Iran and Citibank over the rate of interest to be charged to Pakistan.

The current new major foreign projects are the factory of the French truck company, Saviem, and the tractor plant agreement signed with Massey-Ferguson.

Foreign banks are expected to be attracted in greater numbers following the liberalisation of the banking laws which had kept the position as it was when Mr. Bhutto nationalised the domestic banks in 1973. A deterring ordinance has also been brought to life, apparently to limit any sudden influx of fringe banks. So far the ordinance, which calls for guarantees to the value of 7½ per cent time and demand liabilities, has only made some of the Western banks think twice.

A range of taxation measures has appeared with which to tantalise the investor but it seems as if some are also holding out for even better incentives. So far the investment tax credit has been increased from 10 to 15 per cent for plant modernisation, duties on imported raw material and capital equipment are to be refunded and interest rates on fixed investment have been lowered from 14 to 12.5 per cent.

With the import restrictions continuing relatively liberal, opportunities for foreign businessmen are widespread, subject of course to the availability of foreign exchange to pay for goods. Heaviest demand is in the fields of machinery and finished goods as well as the technology required for the nation's development programme. Oil equipment has a particularly good future. And while exports continue to rely on cotton products (along with cotton and rice) there will be a strong demand for machinery in this sector too.

Notice

On a restricted horizon the future looks good, but during the next year notice will have to be taken of political developments and new economic policies which should further improve Pakistan's potential and ease foreign doubts. Most of the investment for the new Five Year Plan is intended to be raised from domestic resources but savings potential has been low and stock markets in Lahore and Karachi have limited scope for raising new funds. In both development and private sectors foreign investment and loans will have important roles to play.

S.H.

Red Flag over Kabul

PAKISTAN'S FOREIGN relations are now dominated almost totally by the events of last April 27 in Kabul, when the ruler of neighbouring Afghanistan, President Mohammed Daoud, was overthrown by a pro-Moscow grouping led by the new Prime Minister, Mr. Tarraki. The old central Asian buffer state has gone in Pakistani eyes and the Russians are as near as the border in the Khyber Pass, something which the British had always feared and had fought against in the days of the Raj.

Relations with the Soviet Union, already bad, took a turn for the worse. The United States proved once again a disappointing ally by failing to come to Pakistan's aid with new weaponry. India insulted Islamabad by the haste with which it recognised the new regime in Kabul—it did so within the first three days, along with the USSR and several other eastern bloc countries—and Pakistan probably hurt Kabul's feelings, or at least confirmed its prejudices, by being among the last to recognise.

The result is that a foreign policy of being friends to all has taken several paces backwards. Premises are having to be re-examined and much of the hard work that General Zia has put into travelling abroad and getting himself, rather than Zulfikar Ali Bhutto recognised as Mr. Pakistan, has largely come to nought. There are other reasons than just Kabul for this, of course, among them Middle East countries' disquiet over the fate of Mr. Bhutto, as well as western nations' unhappiness over public hangings and public whippings as a means of showing the people that the Government means business.

Feelers

Feelers are now being put out in new directions. Guest status was granted at the recent non-aligned conference in Belgrade, and once again in its history Pakistan is letting it be known that Cento is not the organisation it is made out to be. The insinuation is that with events in Kabul it should be re-activated or be nothing.

The year has not been without its high points. The Karakoram highway built with Chinese assistance across the mountains separating the two countries was a triumph of engineering and will be a symbol of a very practical friendship. China has proved a worthwhile ally in the past, supplying large quantities of military equipment—planes for the air force, tanks and artillery for the army. Peking's interest is believed to have increased since Kabul, and Pakistan remains for China a useful stopping point on the way to Africa and the Middle East.

Relations with India looked as though they were picking up when the agreement over the use of the waters of the Salal Dam on the River Chenab was signed in New Delhi in April. The agreement was a direct result of the favourable visit by the Indian Foreign Minister, Mr. A. B. Vajpayee, to Islamabad in January, but since then relations have faltered, and Pakistanis do not feel they can be improved in the near future. Once again the blockage is Kashmir, the Muslim State of northern India, of which India shows no sign of giving up its partitioned half — or allowing debate on the matter. For individual Pakistanis the Kashmir issue remains an article of faith. Officials say public opinion in Pakistan allows little room to manoeuvre, but third country diplomats feel that, while some of the top men in the Ministry of Foreign Affairs in Islamabad remain Indiaphobes, the necessary education of public opinion seems unlikely. Private trade has been stopped with India because the previous protocol had run out and negotiations to ease the imbalance, which is heavily to the advantage of India, did not make progress fast enough. This, however, should be only a minor lapse and talks are expected to have begun again by late August.

Afghanistan could have been listed as a success up until the Kabul coup. President Daoud made a successful visit in the previous month, returning one made by General Zia, and the old issue of the border unrecognised by Afghanistan and Kabul's interest in Pathan tribesmen living on both sides of it appeared to be on its way to resolution.

Much of the fear of the new regime in Kabul stems from the possible impact on the tribes in the border provinces of Baluchistan and North West Frontier. Little if anything has happened yet but events in the cross-border province of Paktia, where the Afghan army has been in action against local villagers, are watched with interest. Army units have been strengthened in several places to counter any action, and General Zia is pressing on quickly with making peace with his own Baluch tribesmen, who retain suspicions from the way the army, in the name of Mr. Bhutto, sorted them out during an insurrection between 1972 and 1975.

The Kabul coup came when relations with the Soviet Union were again on a "razor's edge." General Zia has had little to thank Moscow for during the year. The steel mill they are building near Karachi is behind schedule and more expensive than intended. Extra funds are having to be coaxed from the Soviet Union for a plant dependent on imported iron ore and whose finished output is likely to be above the world price. Soviet diplomats are openly suspected of financing Mr. Bhutto's People's Party to stir up trouble, and ministers admit to a nagging worry that every second Soviet technician in Karachi is a KGB agent.

Attitude

Three instances illustrate the heavy-footed attitude of the Russian Embassy in Islamabad. In November, 1977, at their revolution anniversary celebrations, they pointedly invited only People's Party politicians to the official reception. Also in November, during their re-supply of Ethiopia, they tried to overfly Pakistan without permission and three giant transports were held at Karachi until a face-saving formula was found. Since then the Soviet Ambassador has been taken to task for telling a local newspaper that relations with Pakistan were bad because it was "an enemy of Russia's friends, and a friend of its enemies."

By contrast the attitude of the United States towards Pakistan appears very cautious. Relations with Washington were bad at the end of the Bhutto regime because the former Prime Minister had blamed America for financing the agitation against him in retaliation for his earnestness in acquiring a nuclear reprocessing plant from France. Although General Zia is pro-Western to a degree that makes his non-aligned overtures less than convincing, he too is determined to buy the reprocessing plant. The result is American cutbacks on aid to the extent that only concessionary wheat is now being sent and there is American unhappiness with rescheduling Pakistan's debt, mainly for economic reasons but also hiding a political motive.

A visit in July by the American Under-Secretary for Political Affairs, Mr. David Newsom, underlined this attitude. Pakistan was told it would be given sympathy regarding the events in Kabul, but no arms until the reprocessing plant deal is changed so that pure plutonium is not a by-product.

Safeguards

Inevitably the topic has also interfered with relations with France, which itself wants to adjust the contract signed in 1974 in the light of present-day attitudes and responsibilities to non-proliferation. Further negotiations are continuing, and until they are sorted out no work is being done on the $275m truck factory planned for near Islamabad by Saviem, the Renault subsidiary. Diplomatic sources consider the most likely outcome is a face-saving formula for Pakistan, with the original agreement heavily amended with safeguards. However, it will take time, as General Zia is still promising the plant to the people. The setting up of power generating nuclear reactors, for which the plant is supposed to be intended, seems a long way off and they are not referred to in the latest five-year plan.

A question mark also hangs over the other component of Pakistan's foreign relations—its ties with the neighbouring Islamic states. The economic link is still there, at least in the sense that Pakistan is able to export excess and skilled labour to the area and receive huge benefits by way of remittances in return. But Middle Eastern aid to Pakistan dates back mostly to pre-Zia days, and what there is usually consists of project aid, demanding a rupee component. The fate of Mr. Bhutto is more important here that apparently anywhere else. Only one country, Turkey, is officially admitted to have offered asylum, but many more are believed to have made their feelings known. These feelings are either pleas of personal friendship or anxieties about the precedent established and the future stability of the region.

Pakistan likes to think of Saudi Arabia as the closest friend in the region, but even here for every Pakistani who says General Zia's trip there in April earned him unqualified support, there is one foreign diplomat who says the Saudis pleaded for Mr. Bhutto. The other main neighbour, Iran, is firmly believed to have the will to cut off aid if the former Prime Minister is executed. Pakistanis protest at the Shah's attitude but they cannot lightly disregard it.

In the midst of all this, though, Pakistan has retained some future credit by acting in sympathy with Iran and Saudi Arabia in Somalia at the time of the fighting with Ethiopia. Assault rifles and pilots, as well as non-military aid, were among the assistance quietly provided.

It is an indication that Pakistan still sees itself as a bastion of the West. One Minister interviewed said "do not desert us," and a high adviser commented that the Western press criticises its friends all the time and implied that it thus pushed nations closer to instability and communism. The foreign policy to stop that end does not yet seem to have been formulated.

S.H.

Manufacturing picks up

AS WITH other sectors the fortunes of industry and manufacturing have been closely connected with political events of the last year. The agitation against Mr. Bhutto by the (then) opposition in March and April of 1977 disrupted the economy, and since then political uncertainty has affected planning and investment. Generally speaking, though, the military Government's support for industry has been made clear by a series of pronouncements demarcating afresh the public and private sectors and partial denationalisation.

The result is that the official review of 1977-78, as contained in the new five-year plan, was able to report that there had been fuller capacity utilisation in the chemical industry and a sharp increase in grain milling, cotton ginning and edible oil processing. The increase in output in other industries such as sugar and metal products, the review goes on, have also been satisfactory. Disappointment, however, is expressed in the paper and board sectors and in textiles. In the latter cotton scarcity and erosion of profits were faced in July to October, 1977, and although cotton supplies improved with the new crop, output of cloth and yarn for the year as a whole was anticipated to be more or less at the previous year's level.

Most of the measures to restore confidence were announced in September 1977. They included the denationalisation of cotton ginning, rice milling and flour milling units, the opening up of a number of areas to private enterprise which had previously been declared closed by Mr. Bhutto's administration, the lowering of interest rates for investment credit and special incentives for what was described as the ailing textile industry.

Impact

Candidly, the Five-Year Plan concedes that although these measures helped bring about a recovery in output, exports and savings, their full impact is likely to accrue over a longer period, only establishing itself in the next fiscal year.

The Minister for Industries and Production, retired General Habibullah Khan, is slightly more pessimistic, although he would not admit this. An industrialist himself with several textile mills and a wealth dating back to a previous military dictator, President Ayub, General Habibullah says it will take industry between two and five years to get going again. He is heavily critical of Mr. Bhutto's handling of the economy, describing it as victimisation not nationalisation. The deterioration was, he says, by geometrical progression. Progress will only be by arithmetical progression.

He says the all important private investment has yet to appear. There have been inquiries, but he considers it natural that it will not come through until the political future is more certain. The phrase "political future" is the codeword adopted for the fate of Mr. Bhutto. The impression given is that once the trial is out of the way (and if necessary some sort of public announcement is made that the present military-cum-political type of government is here for some time), then the future will be clearer. And although logically it need not necessarily follow, the funds will then come forward.

General Habibullah expresses hope at the interest being shown by unnamed German, British and Japanese firms in the two free trade zones planned for Karachi and Lahore. The Karachi one is likely to get off the ground first, and he thinks it will be a success, but says it should have been started after the Beirut troubles began. There is also a problem regarding the funds to build the necessary infrastructure. However, to outsiders, while Pakistan labour is no longer cheap and still is strike prone, the viability of both projects must remain in doubt.

The textile industry is also particularly affected by these latter factors as General Habibullah admits, and his view is shared by the head of the Fauji Foundation, retired General Rao Firman Ali, who in addition to textile mills has cement and fertiliser plants to operate as well.

Rao Firman Ali admits labour was exploited in the 1960s but feels that the other extreme of strikes and tension was reached during Mr. Bhutto's day. Now trade union activity is seriously restricted by martial law, and so for several months there has been no trouble on this front. However, the killings of 18 strikers in Multan in January by police rifle fire is a warning of what can happen if tension builds up.

The fundamental failures of industry remain untackled. Its performance remains poor, with little real growth and a diminishing productivity, and these are faults of both the public and private sectors. The causes are considered diverse. The breakup of the country with the independence of Bangladesh in 1971 is one, nationalisation, recession in world trade, and international inflation are others. But it is also argued strongly that the industry built up in the 1960s was artificially protected and poorly managed. Present day plant is considered badly maintained and out-of-date and criticisms are also made of management.

A recent report on the textile industry commissioned by the World Bank is quoted by the local Press as saying the most urgent requirement is the training of personnel in all sections and at all levels, and this requirement supercedes all others. Much the same criticisms can be made for other industries as well, and entrepreneurs could be also put on the defensive for the way they were late with investment either for modernisation or in new fields which had been unaffected by Mr. Bhutto's public ownership policies.

Where growth did occur was in small-scale industries, but the exact dimension is not known. Even in this category criticism is made that it was not on solid financial, technical and marketing foundations. One success story however, is the growth of exports in carpets and rugs which are up 22 per cent over last year to the value of about $100m.

Although the five year plan puts a greater emphasis on agriculture than industry, it is fully realised that without the base of heavy chemicals, fertilizers and agricultural machinery, self sufficiency in agriculture cannot be achieved.

Next

The next priority is for the private sector where more agricultural processing industries are planned, followed by the development of new industries to make use of agricultural by-products and waste products. These would include molasses, bagasse, wheat and rice straw. Another line of industrial development is the further expansion of leather goods, footwear, textile crafts and carpets. Investment in agro-related industries makes up nearly 38 per cent of the industrial investment envisaged in the five year plan.

But the main part of industry continues to be saddled with high cost, long gestation projects which are so far advanced that they cannot be cancelled cheaply. The obverse of this is that most will come into full production during the period of the five year plan, that is before 1983. When the Karachi steel mill, cement factories and fertiliser factories come into operation there will be a sigh of relief. However, the well-established dangers of inefficiency and high costs will still exist and could conceivably wipe out any advantage gained.

Two foreign projects of importance are the Massey Ferguson tractor factory to be established in the Punjab, near Lahore, and the Saviem truck factory, from which the Renault subsidiary hopes to supply the whole of Pakistan and some of the Middle East states as well. The latter, however, has run into problems because of a political linkage with the future of the French reprocessing plant.

The Government's intention is to develop further the export orientation of Pakistan's industry, and it seems for the next few years the dominant role in this will remain with cotton products. But this is not a sector on which to put too much reliance as Pakistan lost its position in the international textile trade and has still to make it up. General Habibullah counts on improving the reputation of quality and supply and negotiating further with the EEC to build up quotas. He is also trying to make sure competitors like Korea are not helped by the export of Pakistani yarn and requires that what exports there are should be cloth or finished products. But this will all take time.

S.H.

Sad lack of progress on the land

PAKISTAN'S AGRICULTURAL potential has tantalised and frustrated successive governments and a host of international aid agencies for 30 years.

In theory an over-abundance of important staple crops like wheat and rice, and of valuable export crops like cotton, should have fuelled the Pakistan economy through it first three decades. The land is fertile, and the Indus supplies enough water to irrigate as much land as anyone would care to irrigate.

During the 1960s progress was rapid, and Pakistan seemed likely to fulfil best hopes, but during the past decade agricultural production has limped along behind most comparable developing countries. Abject poverty persists, the Government is forced to funnel huge quantities of precious foreign currency into staple foods like wheat, and the concerted efforts of international aid agencies have achieved precious little.

In 1952, at the outset of Pakistan's first Five Year Plan, the country boasted an annual foodgrain surplus worth Rs 14m (at current exchange rates \$1.4m): by 1959, this had slipped to a deficit of Rs 220m (\$22m). Last year, the cost of importing wheat alone cost in the region of \$300m, and in the current year it will be more than double that.

Hectic

The country's hectic population growth has certainly not helped. The birth rate is still 4.7 per cent, with the population expanding at the rate of 3 per cent a year. Experts predict that the present population of 73m will have doubled within 25 years. Despite the advice of every international aid agency, successive governments have failed to tackle the problem satisfactorily, and the current military regime under General Zia-ul-Haq seems unlikely to do better. His Five-Year Plan aims to encourage parents to limit their families to between three and five children.

To be fair, a succession of political upheavals, starting with the trauma of partition in 1947 and ending with the fall of Mr. Bhutto last year, coupled with a string of natural disasters, have continually dogged agricultural progress. But independent foreign economists insist that Pakistan's agricultural performance is till unjustifiably poor.

One expert recently reported that there was "no completely satisfactory explanation" for the failings of Pakistan's agriculture. "Yields remain well below those achieved under comparable conditions in other countries," he said. "Production has been well below the potential implied by the inputs and technologies available."

Pakistan's wheat crop — a crucial staple food, and the major winter crop — is providing the severest problems. Successive governments have aimed at self-sufficiency in wheat as a cornerstone of economic planning, but the position has steadily deteriorated. The Government was forced to import 1m tonnes of wheat in 1977-78 to meet the shortfall of the previous crop, and the Government already admits that about 2.3m tonnes will have to be imported this year to meet the latest shortfall. Independent analysts are predicting that the shortfall will eventually stretch to between 2.6m and 2.9m tonnes.

This not only drains away huge quantities of foreign currency (desperately needed elsewhere in the economy) but also adds to the appalling congestion at Karachi docks.

But if wheat provides the severest problems, Pakistan's cotton crop provides the greatest disappointments.

Cotton is traditionally Pakistan's major export crop, and is an important foreign currency earner. From a good start in the early 1970s — with favourable weather and fewest problems — crops have got steadily worse. In the peak year of 1972-1973 4m bales were harvested, but by 1976-77 this had dwindled to 2.4m bales. Last year just 3.2m bales were harvested. After early optimism over the current year's crop (planted in spring) recent floods in Pakistan's prime cotton-growing areas have cast a shadow of doubt over prospects for the coming harvest.

The fact that the Government continues to concentrate on cotton as its major export crop only highlights its problems. With world market prices often below production costs, and the cotton textile industry still hopelessly depressed, a country with more flexible agricultural policies would have shifted into alternative export crops by now.

The two other major crops — rice and sugarcane — have caused fewer worries, but even here crops have grown at a meagre 2 per cent per year since 1969-70.

It would be incorrect to imply that yields per acre have not improved, or that total output has not risen. Wheat yields, for example, improved by almost 40 per cent between 1970 and 1977, while yields for basmati rice almost doubled, and those for sugar rose by 37 per cent. Even with cotton, where yields have fallen, price rises have more than trebled returns per acre over the same period.

Boosted

But the rise in population has more than matched any improvement, and other developing countries have progressed very much faster. The simple fact is that Pakistan's agricultural output has been boosted over the past decade by once-and-for-all, high technology inputs — like tubewells and irrigation, fertilisers, pesticides, high-yield grains and so on. By international comparison, larger improvements should have been expected.

One foreign agricultural adviser said: "The windfall gains won through the introduction of new technology have disguised basic structural problems that are causing low productivity. There are no more high-technology inputs that we can provide, so Pakistan has a long uphill struggle ahead unless it faces up to these problems and does something about them."

The massive Tarbela dam project has greatly improved regulation of water down the Indus, and has given birth to a huge network of irrigation canals. But foreign aid personnel involved with on-farm water management claim that farmers lose an average 40 per cent of their irrigation water between the beginning of their watercourses and the land to be irrigated—simply through overspilling and seepage.

Even, water that reaches the land tends to arrive at the wrong time, and in incorrect quantities, because farmers sharing the same watercourse fail to co-ordinate the crops they plan to grow. The failure of farmers to co-operate at local level, and the absence of any institutions to encourage co-operation, form the most persistent complaints of foreign agricultural aid agencies.

Fertilisers have more often than not been dispensed at the wrong time, and chronic shortages have been aggravated by local "feudal" conflicts, where major landlords can exploit their power to pre-empt fertiliser supplies — and other precious inputs besides. Agricultural land ideally needs about 150 nutrient pounds of fertiliser for every cropped acre. The average in Pakistan is 33 lbs.

The Government is tackling as a matter of urgency problems of imbalanced fertiliser use: shortages of phosphatic fertiliser mean that the ratio of phosphatic to nitrogenous fertiliser applied is invariably wrong — which results in abundant early growth but poor seed development.

New seed varieties created in Pakistan's agricultural research centres have persistently failed the farmer, leading to a total lack of trust in them. Again and again supposedly high yielding pest-resistant seeds have failed to adjust to Pakistan's climate and cropping patterns, or have fallen victim to pests they have been created to resist.

The saga of pesticide use is hardly happier: aeriel spraying has proven unsuitable and often disastrous in many instances because Pakistani farmers tend to have small plots with a wide variety of different crops growing close together. In its latest Five Year Plan the government has announced proposals to revert to much more ground spraying, which may be slower than aeriel spraying but at least gets the right pesticides to the right plants.

Attempts to provide extension services to help the farmer have failed so badly that the World Bank has just announced an emergency scheme—an "extension visitation service" aimed at making them more effective. But the Bank can only afford to provide the service in five districts. The rest of Pakistan's farmers must make do as they can.

Mechanisation has come mainly in the form of tractors; more than 11,000 have been imported in the past year. Where they have been used they have brought undisputed increases in productivity, mainly by bringing more acres under the plough. But tractors have tended to go to big landlords, who have evicted tenant farmers in order to amalgamate small plots. The new larger units of land can be more easily ploughed by tractor. This has inevitably increased the number of landless labourers in the countryside and created considerable hardship.

The resultant exodus into towns has also made farm labour more expensive. Farmers paying labourers 10 rupees a day just a year ago are reporting that they have been forced to pay up to 30 rupees a day this year.

Land reform would do a lot to alleviate Pakistan's agricultural problems. Indeed, both Ayub Khan in the early 1960s and Mr. Bhutto up to 1977 aimed to reduce the gap between the rural rich and poor by limiting landholdings. Officially, no farmer is allowed to own more than 100 acres, but enough loopholes have been left in the law to allow most big landlords to slip through. Many argue that Mr. Bhutto fell from power because the landlords who made up his powerbase in the populous Punjab feared he planned to introduce more rigorous land reforms.

Remedy

General Zia-ul Haq has just released Pakistan's fifth Five-Year Plan, with a comprehensive policy to remedy the country's chronic agricultural inefficiencies. On paper Pakistan will be self-sufficient in wheat by 1982-83 and exporting large quantities of cotton and rice. It should have trimmed imports of expensive cooking oils by growing soyabeans, sunflowers and other oil seeds as important secondary crops, and should be satisfying most of its own fertiliser needs from fertiliser factories which are due to be completed in the near future.

Whether this achievement on paper will become reality is altogether a different matter. If the lack of success of past plans is anything to go by, then no-one can be very confident.

D.D.

Abundant promise in new oil and gas finds

IF THE name of Tarbela Dam galvanised the hopes, challenges and controversies in Pakistan's energy industry early in the 1970s, then the names of Sui, Pirkoh and Dhodak have now stolen its place.

Tarbela Dam, which stands in the path of the Indus as it tumbles out of the Hindu Kush mountains on to the plains of northern Pakistan, was to be Pakistan's great hydro-electric provider. Indeed, despite delays due to blunders and bad luck, Tarbela is now supplying the country's embryonic national grid with 700kW through the four generators now in operation—almost half of the country's total hydro-electric supply.

A further eight generators, due to be completed by 1985, will treble this supply to 2,100kW. By that time, massive 500kV transmission lines will link Tarbela with Karachi on the coast 1,000 miles to the south, joining all the major cities in between.

While this represents a great step forward for electricity-starved Pakistan (per capita consumption is one-tenth of the world average) new and more pressing energy problems have emerged since 1968 when work on Tarbela first started—which is why the names of Sui, Pirkoh and Dhodak have superseded it as the focus of policymakers' debate.

The whole energy scene was transformed in Pakistan, as elsewhere throughout the world, when the OPEC powers quintupled oil prices in 1973. Hydro-electric power had become important, satisfying about 15 per cent of the country's energy needs, but it was completely overshadowed by the importance of oil and gas.

In 1976-77, oil provided 39.9 per cent of Pakistan's energy needs, while gas provided 38.2 per cent — and almost 90 per cent of this had to be imported. In the most recent financial year (to the end of June) Pakistan imported 4.5m tons of crude oil and petroleum products, at a cost of Rupees 4.8bn (\$480m). If one excludes remittances sent home to Pakistan by expatriate workers, then this represents 42 per cent of all Pakistan's foreign exchange earnings.

An import bill of this size is clearly crippling to Pakistan's frail economy, even if one ignores the physical problems of getting that much oil into the country through its only port at Karachi. Since 1973 the Government's most urgent economic priority has been to find and exploit its own oil and gas fields. Huge quantities of oil and gas are still imported, and significant reductions are unlikely in the near future, but some impressive progress has been made.

Seeps

Baluchi tribesmen in western Pakistan have known about and exploited Pakistani oil for centuries: light condensate oil good enough to light their oil lamps seeps out of the ground over a wide area.

But the source of these seepages eluded early "oil men"—indeed, even now, its complex underground geological structures make Pakistan a notoriously difficult place to drill for oil. The first well was sunk in 1874, but it was not until 1915 that anyone struck oil. The newly formed Attock Oil Company hit oil at a depth of 264 feet near the village of Khaur in the Potohar basin, south-west of Rawalpindi.

Attock Oil, now Pakistan's oldest established oil company, is still confined to the Potohar basin, and until 1973 was happy just to get enough oil to keep its 10,000 barrel-a-day refinery busy; the difficulty and expense of drilling new wells mitigated against greater aspirations.

Other foreign oil companies maintained an interest by keeping hold of concessions, but only Burmah Oil developed any significant business—based on natural gas in the Karachi hinterland. Other companies preferred to sit on concessions and wait for someone else to undertake the financial risk of exploratory drilling. From 1963 the major lead was taken by the Government-created Oil and Gas Development Corporation (OGDC), both in terms of seismic surveys and exploration.

But until 1973 a basic fact of life for the local oil industry was that it was much cheaper to import oil from the Middle East than it was to exploit Pakistan's proven reserves or hunt for fresh fields.

When the whole apple cart was overturned by OPEC, Pakistan's Government at least had the consolation that alternative sources of oil were known to exist: many countries had not even that. The problem was orchestrating the search, and persuading companies and funding agencies to share the considerable financial risks involved.

Production from proven fields was stepped up, and urgent priority was given to a two-pronged programme. First, oil and gas fields which had previously been located but not thought commercially viable were to be redrilled and their potential reassessed; secondly, a hunt for new fields started.

Given the technical difficulties it confronted, the Government can boast an impressive record. Since 1963 one in five wells drilled have hit commercially viable finds—a remarkably high average by any standard. And since 1973, when the alarm bells rang out, three potentially huge finds have been made which offer Pakistan the tantalising prospect of self-sufficiency in oil and gas and even the prospect of substantial natural gas exports.

Reserves

These finds are at Sui in the Sind, Pirkoh and Dhodak in Baluchistan. The Sui gas field now supplies almost all of Pakistan; it has proven reserves of 17,000bn cu ft of gas. Meanwhile, the reserves at Pirkoh and Dhodak are still to be proven, but first well estimates imply 174m barrels of condensate oil and 3.6bn cu ft of gas.

Production from the Potohar basin has also been boosted; mainly at Mayal, Toot and Adhi, and several of the world's oil giants are in the process of making agreements with the Pakistan Government to join the oil search. Gulf Oil, Amoco, Esso and Husky are just some of the names involved.

Total finds boost proven gas reserves to 22,240bn cubic feet, with proven oil reserves stretching to 600m barrels. Government officials claim that potential reserves soar to a staggering 56bn barrels of oil and 141,000bn cubic feet of natural gas.

Just how much it will cost to find that oil, how much of it can be brought out of the ground, and at what cost, are questions which cannot at present be answered.

Even when the oil or gas has been brought out of the ground, the problems of refining it present the Government with difficult choices. It should be remembered that while OPEC fixes the price of crude oil, it has as yet fixed no prices for refined petroleum products. So several Middle Eastern oil producers have been offering countries like Pakistan refined products at knock-down prices, strongly reducing the incentive to refine inside Pakistan, and therefore inhibiting the pressure to bring oil out of the ground.

The Pakistan Government has nevertheless committed itself to boosting its refining capacity from 4.7m tonnes a year to 6.7m tonnes a year. Attock Oil Company, one of the three major refiners, is due to have its refining capacity raised from 0.5m tonnes to 1.5m tonnes in the imminent future.

But Mr. T. A. T. Lodhi, chairman of Pakistan Oilfields (POL), the Pakistan-based subsidiary of Attock Oil, claims that by Christmas he will be limiting his oil production simply because refining capacity is being used at full stretch. Even if the go-ahead were given tomorrow for new refining capacity, he claims that it will take two years to be installed. So for 18 months oil that could displace expensive imports will have to stay underground.

In the latest Five-Year Plan the Government has committed huge sums of new money to the hunt for new oil and gas and the assessment of current finds. Development spending in 1973/1974 was Rs.1bn (\$100m); by 1977/78 it had trebled to Rs.3bn (\$300m). A total of seven or eight exploration wells are scheduled to be drilled every year throughout the plan —compared with a current drilling average of one a year.

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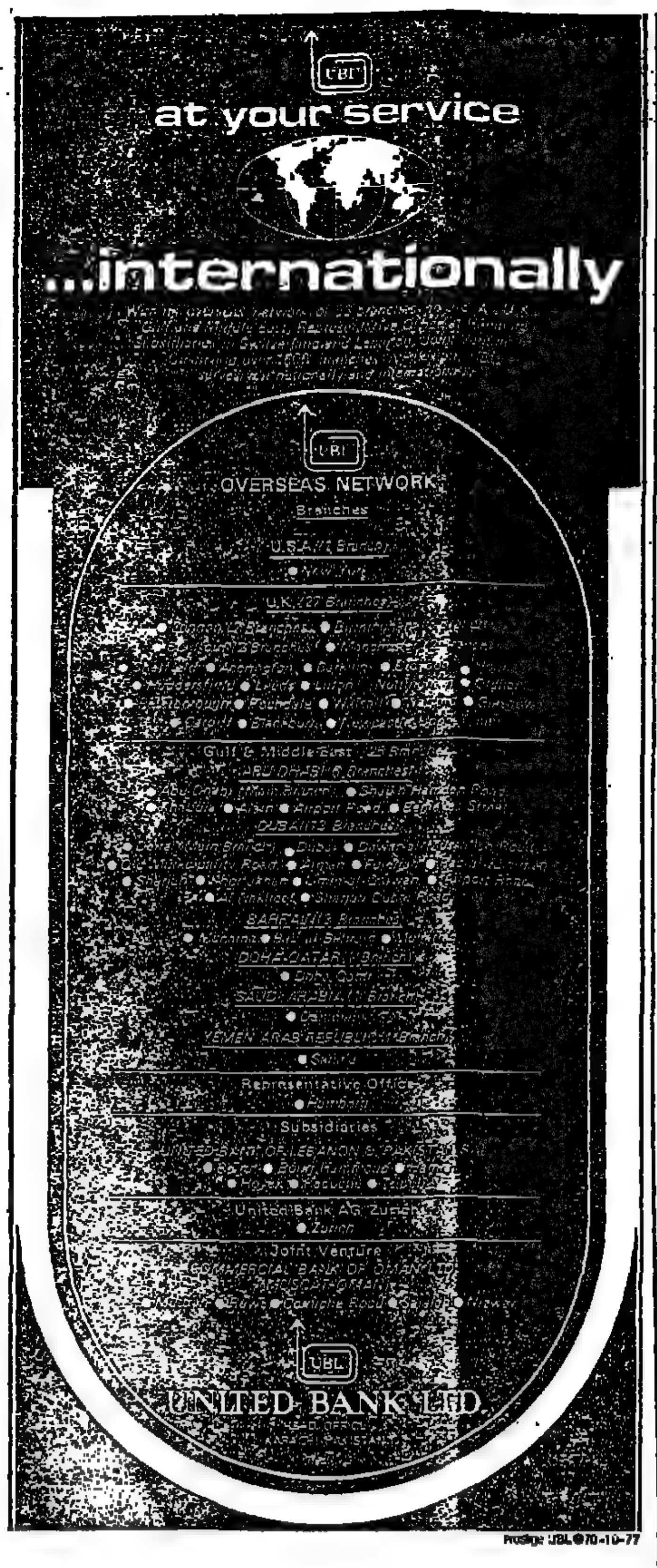


Loyalties on the Frontier

THE COMMUNIST coup in Afghanistan sent shock waves through Pakistan's neighbouring *North West Frontier Province*, and it revived the old bogey that Pathans in the province would press for an independent homeland—Pukhtunistan.

The trepidation in the province is understandable; tribes like the Shinwaris, Salarzais and Mahmuds straddle the Afghan-Pakistan border. Many of the tribesmen settled on the Pakistan side of the border wonder what their future will be, now that many of their brethren live in godless Communist Afghanistan.

But the fears of Government Ministers 100 miles away in the capital Islamabad are less justifiable. Expert commentators in the province argue that the separatist tendencies of the Pathans are less visible now than they have ever been, and that the coup over the border has, if anything, boosted patriotic feelings towards a unified Pakistan rather than diluted them.

It is probably true that in the long term Pakistan's tribesmen will be keeping a distant eye on developments in Communist Afghanistan. If the word comes from relatives over the border that great things are being done for them by their new masters in Kabul, while at the same time they feel no *matching progress inside Pakistan*, then demands for an independent Pukhtunistan may escalate again.

In the meanwhile, however, most would probably agree with a Pathan farmer living near the Khyber village of Landikotal: "Of course we are Pathans first. But we are Moslems second, and we are good Pakistanis."

The days when tribal Red Shirt bands fought for Pathan independence, and swore to sabetage all efforts to create a unified Pakistan, are part of a distant past.

Party

The political party which best represented this separatism was the National Awami Party (NAP) led by Abdul Ghaffar Khan (*now reverently referred* to as the "Frontier Gandhi"). This party has now been abolished, but it is still nominally led by Ghaffar Khan's son, Wali Khan.

Wali Khan is unequivocal about where the future of the Pathan lies: "Just because we criticise the federal government, and say that Punjabis have too much influence, does not mean we are disloyal Pakistanis. It is true that we want stronger control over decisions which effect the fate of the Frontier, but that does not mean we want a separate, independent Pukhtunistan. The idea that we want independence is a bogey created by federal government politicians to serve their own interests."

There is probably some truth in Wali Khan's claims, but it is also true that border tribesmen have traditionally played on this bogey *to further their own* interests. By alternatively courting the Afghan Government and then the Pakistan Government, tribesmen have been able to amass considerable wealth. One can hardly blame the central government for being irritated by this deft brinkmanship.

To many tribesmen, this is all great sport. As an American observer in the *Frontier capital* of Peshawar explained: "They take a very superior attitude up here to the antics of central government."

The Government in Islamabad often makes the mistake of *thinking* Pathans are a unified political whole—and that only Pathans live in the Frontier Province.

A tribal Pathan is first of all a tribesman, and only after that is he a Pathan. Jamshid Butki, Commissioner for Peshawar and an authority on the frontier tribes, observed: "The tribesman thinks first of all in terms of his tribe. An Afridi is an Afridi, not a Pathan—which to him means the down-country rubbish. He looks at his Pathan brother settled on the plains, and asks—where is his pride, where are his arms, where is his freedom?"

Of the 11.7m people living in *the North West Frontier* Province, just 3m are tribesmen. Among the Pathans living and working in villages and towns down towards the Indus there live a large population of Afghans and Punjabis, none of whom would claim even a passing interest in separatism.

This is particularly the case with large numbers of refugees who have recently fled from *Afghanistan and are arriving in* a steady trickle looking for work in Peshawar. Many of these are strongly Muslim and feared persecution under the new "godless" regime. Pakistan now represents to them an Islamic motherland, and talk of separatism is at best irrelevant.

There are also numerous signs that the political parties which traditionally represent separatism have been losing support. From the ashes of the disbanded NAP the National Democratic Party (NDP) was created. Deep cracks have recently emerged in this party.

First of all, the NDP relied for much of its strength on support from Baluchi tribesmen to the south of the Frontier who were led by Sherbaz Khan Mazari and Ataullah Khan Mengal. These leaders, who have genuine reasons to be severely critical of successive *Pakistani* governments for the treatment meted out to Baluchi tribesmen and for scant development aid, are critical also of the NDP leadership for their diffident support.

Second, in the province itself a split has appeared between the "old guard"—the separatist Red Shirts—and a "young guard," led by Afrassiyab Khattack, who emerged as a student politician at Peshawar University and is more strongly preoccupied with socialism than separatism.

The two other political parties with strong bases in the province have no reputation for separatist sympathies—in fact, quite the opposite. The Moslem League is the party in Pakistan most closely associated with the struggle for independence in 1947; and the Jamaat-i-Islami is an orthodox Moslem party with a strong ideological commitment to the idea of Moslem nationhood.

Interesting developments have been noticed in the politically significant student community. At Peshawar University student elections were won this year, for the first time since Pakistan's independence by the People's Party. This is the party of ex-Prime Minister Mr. Zulfikar Ali Bhutto and its traditional roots are in the Punjab. Student union power has previously been the prerogative of the NDP. Jamshid Burki reported similar shifts at colleges in Charsadda, Tangy, Mardan and Nowshera, and felt that this was a change too important to be ignored.

The growth of "Bhuttoism"—which is no doubt in part due to sympathy for the former Prime Minister, whose appeal against a conviction for murder by proxy is now drawing to a close—represents a fundamental change in frontier politics.

At a school in the mouth of the Khyber Pass a typical Pathan teacher carefully asked not to be mentioned by name—for fear of punishment of some kind—and then said: "Mr. Bhutto was a good man; even if he murdered people or rigged elections, because he brought us dignity. He brought a great awakening and we will never go to sleep again."

Abandon

For the first time in his life, this man, and many others with him, has decided to abandon his usual voting loyalties—those to his village "khan" or landlord, and those to his people, the Pathans. He plans to vote on class lines, against feudal privilege. This may not be good news for Pakistan's big landlords, but it clearly means that people like this teacher are no longer voting as Punjabis, Sindis, Baluchis or Pathans, but as Pakistanis.

Paradoxically this might eventually lead to a fresh call for separatism. If large numbers of Pakistanis are genuinely being tempted by socialist ideas then they will be carefully watching the Afghan "experiment," and might press for independence if they see evidence of rapid progress under Communism there.

Commissioner Jamshid Burki was well aware of this risk: "Mr. Bhutto's socialist bull has been blooded now, and there can be no going back. What we must do in Pakistan is take the bull by the horns, turn it in the right direction, and make good use of it."

D.D.

Uphill task to develop tourist potential

WITH A history including such names as Kipling and Alexander *the Great, Pakistan* should be as firmly in the list of exotic tourist places as many other countries of the East. Perhaps even more so for the high mountains of the north and the barren deserts of the south provide contrasts not easily repeated. Yet for the moment it seems the country will remain a comparative backwater, a stopping place on the route east for hippies and overland coaches, but little more.

It is not hard to see the reason why, or hear about it. Facilities were described privately by one person interviewed as "just useless" and another said it was "bunkum" to talk about expanding the tourist industry without first developing and establishing more hotels and better transport.

The new Minister of tourism, Begum Viquar-un-Nisa Noon, the European-born wife of a late Prime Minister, Sir Firoz Khan Noon, is aware of the problems. A non-political person formerly associated with the Pakistan Red Crescent, which is affiliated to the International Red Cross, Begum Noon brings a public relations skill to the job which she seems to attack with zeal. She admits a bias to the north, betrayed by her hobbies—"fishing and trekking in the mountains"—and it is arguably among the *Himalayas and Karakorams* that the future for Pakistan's tourism lies.

Between the Khyber and Kashmir are a series of valleys and isolated towns offering solace, fishing, walking and some of the most beautiful views in the world. The valleys of Chitral, Swat and Kaghan hide streams where even a poor fisherman can catch beautiful trout almost as fast as he can swing the rod over the water.

Further up in the hills lie the towns of Gilgit and Skardu, still to all intents and purposes only accessible by air. A polite request to the pilot usually results in a standing place in the cockpit as the twin propellor aircraft of Pakistan *International Airlines* flies up valleys, over saddles and skirts the killer peak, Nanga Parbat, on its way to the very heart of the Karakorams. With the official opening of the Chinese-assisted Karakoram Highway, Gilgit has new status. Skardu, though, remains the mountaineering capital, the last point of civilisation as each year dozens of climbing expeditions start *the trek by foot to the base* camp of the intended target. It is an area that has so many high peaks that only those over 20,000 feet deserve a name. Civilisation might be the wrong term to describe Skardu but even the simple tourist can savour some of the challenge of a great Himalayan mountaineering expedition by taking the dawn flight and returning to Islamabad in time for lunch for a ticket costing only about £14.

Fault

Begum Noon describes it as "a man's country," where nothing can be done by half measures. The contrast is there, she says, wherever you go. The fault of tourism promotion in the past she sees as trying to offer the same attractions in Pakistan as other international tourist spots. Quite rightly she argues that Pakistan has a special charm and it is that which should be promoted.

This year's attraction, which still cannot be seen by westerners, is the Karakoram Highway. The road, she says, could be open already as far as Hunza, still many miles short of the Chinese border, but she is anxious that a few facilities should be made ready first. Petrol dumps are *few*, camping sites and sanitation of any description are non existent. She feels that if tourists had to brave these limitations now, the new road might receive a bad name for ever. Eventually, she adds, when the last Chinese engineers have gone home, tourists will be able to go all the way to the border at the Khunjerab Pass.

The rest of the country deserves more than the following rather cursory mention; but lovers of ancient history will go for Taxila, *the site of a city* of the Persian Empire near Islamabad, or to Moenjodaro or "the mound of the dead," the ancient city 400 miles north of Karachi in the southern Sind Province. The Moghul Empire left behind a variety of monuments, from the hard to discover springs at Wah, again near Islamabad, to the monuments at Lahore, the Badshahi Mosque or the Shalimar Gardens.

Lahore is also a good starting point for following the British time in India. The gun "zamzama" on which Kipling's Kim used to play still stands outside the city's museum where Kipling's father was the curator. The former British garrison town of Rawalpindi is right next *to Islamabad. A walk through* the cantonment today can have changed comparatively little since days of empire. Street names such as "The Mall" and "Harley Street" have survived 30 years of independence and national pride. Now it is young Pakistani subalterns who canter their polo ponies along to the parade ground area or "mardan," and days of prohibition have put to an end "sundowners" at the Rawalpindi Club, but the romance of the atmosphere is still sometimes overwhelming.

Peshawar in the north-west frontier also elicits memories, especially a trip from there up the Khyber Pass. The British never really conquered the area and the home-made gun factories of Darra in the tribal belt are a reminder why. Afghanistan is just across the hills but tourism there has dropped drastically since the coup that overthrew President Daoud in April, and the lack of travellers coming across into Pakistan is apparently already felt.

On the other border, connections with India from Lahore by air or land remain insufficiently frequent and are fraught with hassles. Maybe not that many difficulties but enough to frustrate all but hardy travellers The result is that for years India has taken the lion's share of tourism in the sub-continent and for the moment looks like continuing to do so.

The section in the five-year plan on tourism hopes for a 20 per cent growth rate in tourist arrivals by 1983, but much more work seems necessary on even basic installations if such an increase is to be achieved without difficulty. Luxury hotels are planned in even greater numbers but charge sums which are out of the question for anyone but the business traveller.

The work has to be done on the *infrastructure*, cheap transport and the small motels in hte distant valleys. The chief attractions of these places are their uniqueness and unspoilt characters. For the next few years at least, it appears that they will remain so for the intrepid traveller. Large scale tourism will not be there to affect them.

S.H.

Promise

CONTINUED FROM PREVIOUS PAGE

Pakistan's oil consumption is expanding at an annual rate of 5.4 per cent, which means that its indigenous oil industry is still sprinting to stand still. The best the Government hopes for is that growing domestic production will peg the imported shortfall to around 3.5m tonnes a year.

If Sui, Pirkoh and Dhodak live up to their early promise, and if development of these fields goes smoothly, then Pakistan can soon expect to meet 70 per cent of its own oil needs, and funding the extra imports through export of surplus petroleum products. This is technically feasible in four years.

Pakistan has always had a coal industry; most deposits are found north east of Karachi. *But they consist of low quality* lignitic coal which has a high sulphur content. Ninety per cent of Pakistan's coal is used for firing the country's brick kilns, and with the oil and gas boom, demand has actually fallen in real terms.

Pakistan nevertheless has one coal-fired power station at Lakhra, in which indigenous coal is mixed with higher-quality imported coal. The Government complains that the current limited market has allowed the coal industry to remain highly inefficient. Among its priorities for the Five-Year-Plan is a plan for better use of coal resources.

Discussion of Pakistan's energy resources and programmes would not be complete without mention of nuclear power. But the controversy attracted by plans for a nuclear reprocessing plant vastly exaggerates the importance of nuclear power — either at present or in the near future.

Pakistan has just one nuclear power station, which has been operating for six years outside Karachi. It provides 1.3 per cent of Pakistan's total energy needs. Plans exist for a second nuclear plant at Chashma, which is 1,000 miles further north on the Indus, but no date has been set for work to start on the plant. For the time being, development of oil and gas fields, and extension of hydro-electric power generation at Tarbela and further south, will underpin Pakistan's energy production programme.

D.D.

Management

EDITED BY CHRISTOPHER LORENZ

As a new football season kicks off, **Christopher Lorenz** examines the rewards success can bring

How Forest climbed out of the financial wood

A YEAR ago, as Nottingham Forest returned to first division football after a five year visit to the League's lower and less glamorous reaches, the club's management revealed their financial expectations for the coming season.

Though fully aware that soccer "is more closely allied to a gamble than any other business," in the words of their then chairman, Brian Appleby, QC, no one at Forest's City Ground could have had the slightest idea of the jackpot they were about to hit—thanks to the team's unparalleled success under the redoubtable Brian Clough, backed up by a highly professional commercial management.

That Forest's income would soar last season was a foregone conclusion. Its return to First Division football promised an increase by over half in the number of spectators attending each match—thanks to the glamour of visiting teams such as Liverpool and Manchester United as against the likes of Hull City and Oldham Athletic.

Having virtually doubled some of its ticket prices within weeks of its promotion, Forest could expect match revenue to more than double, even if the team did little better than plod along in the lower half of the table.

As we explained in last year's detailed analysis of Forest's 10-year financial record (this page, October 7, 1977) it was on this necessarily cautious basis that Forest's bank, National Westminster, calculated its lending limit, and that Brian Clough was allowed to commit £450,000 to the purchase of new players before the season was two months old.

In the event, as the world now knows, this club with modest traditions and ambitions came near to winning a unique treble, which not even the most glamorous teams can claim: the Football League Championship, the F.A. Cup and the League Cup. Only the F.A. Cup eluded Forest, going to the team it will play at Wembley tomorrow afternoon, Ipswich Town. The goldmine which rapidly appeared is illustrated by the graph.

One of the most interesting things about its report and accounts for the 1977-78 season, which have just been published, is the evidence it provides about the way football clubs are financially geared, in terms both of revenue per match and income against overheads.

Take the largest item of revenue, the receipts from League matches. The original expectation was that these would be somewhere in the region of £650,000-£675,000.

The outcome was £749,000, or 15 per cent above budget, thanks to the fact that the average number of spectators flocking to each match was well above the anticipated 28,000; a full 23 per cent (or 34,500) in the case of "away" matches, and 16 per cent at home games. With minimum entry prices at most First Division grounds now at £1 or more, this brought in at least £5,500 extra per match.

Even without the team's success in the two cup competitions, this above-budget return from league games would have gone a long way to improve the club's financial position—which at the end of the previous season had included a £146,000 overdraft, and a net deficit at the bottom of the balance sheet of £47,000.

The biggest jackpot of all, in terms of performance against budget, was from the League Cup, where Forest's winning run brought in £223,000, against the previous season's paltry £11,000. Even in the FA Cup, where Forest reached no further than the semi-final, revenue was almost triple the previous year's takings, at £91,000.

All in all, direct takings from matches totalled £1,119,000, against a probable overall budget of about £700,000 (the originally-expected figure was not revealed).

A sizeable bonus was provided by non-match revenue, raised by the "commercial" side of the City Ground's organisation. Though, at £118,000, it was almost double the previous season's takings, this was only some 15-18 per cent above the amount expected a year ago, when John Carter, the commercial manager, forecast that the club's return to the First Division would help his staff pull in at least £100,000.

The sensitivity of non-match revenue to just one success on the field is illustrated by Forest's takings of several thousand pounds just for the sale of scarves, in the build-up to the League Cup Final. Had Forest, not Liverpool, lost the toss over who should change colours for the final (both normally wear red), the figure could have been very much higher.

So much for revenue. With all the talk of first division footballers' astronomic wages, one might have thought that most of the extra income would have been eaten up by salary

increases, bonuses of various sorts and such fripperies as free cars and crates of champagne. Not a bit of it. The 176 per cent increase in operating income was only partially offset by a 75 per cent rise in payments to players and staff.

The net effect of all this is that Forest paid off its £146,000 overdraft—in spite of having to make the first few instalment payments on the several expensive players it bought last year—and even succeeded in committing the original footballing sin: showing a profit.

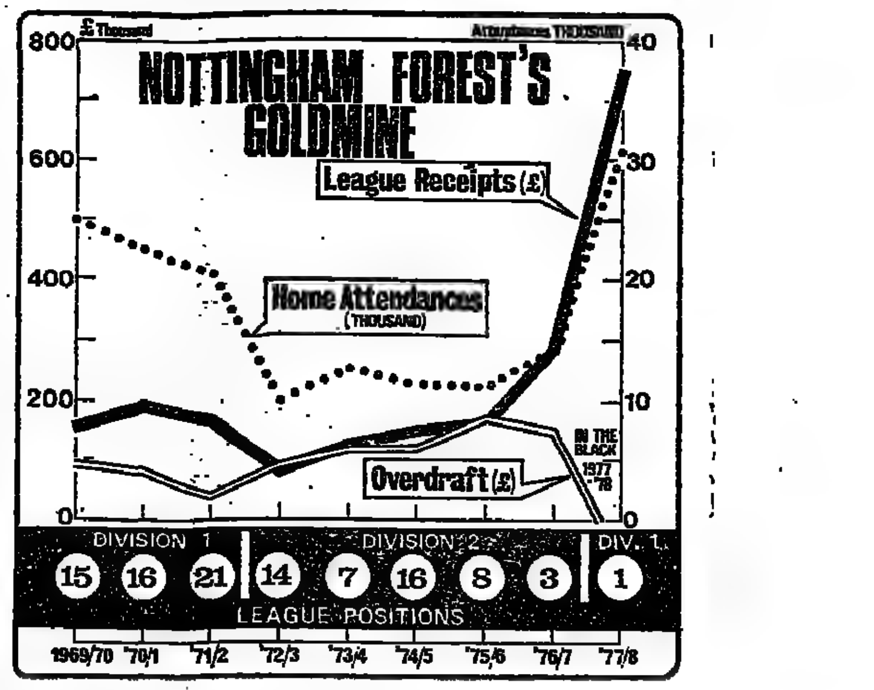
Thanks to its long record of past losses, of course, it will not actually pay tax on its £76,000 profit. But if the next couple of seasons produced even half the success of the past one, it would be in danger of falling into the clutches of the Inland Revenue unless it spent heavily on further players and ground improvements.

This process is already under way. Only a few weeks ago, Forest's bid of a reported £500,000 for one of Scotland's stars was turned down, and Clough is still on the lookout for an alternative.

On the construction front, there is renewed talk at the City Ground of the possibility of going ahead soon with the dream of building a new stand, with better facilities.

Forest has already committed itself to further expenditure on ground improvements of about £600,000, but this does not mean it has fallen for the grandiose—and dangerous—temptation to which many famous clubs have succumbed.

About two-thirds of the expenditure is involuntary, thanks to the requirements of the three-year-old Safety of Sports Ground Act. Another £25,000 or so has gone on construction of a fence to keep rowdy supporters from invading the pitch—an occurrence which could mean the club's immediate exclusion from the European Cup competition, one of this season's potential money-spinners.



Of this heavy expenditure, £150,000 is being financed by a County Council loan, repayable over several years. The balance might seem daunting, even to a club with Forest's newly-accumulated goldmine, but it palls beside the £333,000 to which the club had to commit itself in 1968, when its main stand burned down.

On that occasion, Forest's bank stepped in to provide financing; there is every reason to suppose that the club's goodwill with the National Westminster is now at a record high.

So, in spite of its heavy commitment to construction, and to outstanding transfer fees on last year's purchases (a net £496,000 at the end of the 1977-78 financial year), there is no reason to suppose that the traditional financial caution of the Forest Committee has deserted it.

But there will be every temptation to take more risks in the months to come, especially if this season looks like producing anything approaching the success of the last one. The committee members will have to remember that the financial successes of last season cannot be repeated whatever the team's victories on the field over the next few months, since it was the post-promotion—and therefore once-for-all—leap in attendances and ticket prices which laid the foundation for the extraordinary financial turnround of the past 12 months.

Putting The Shoe on a new employment footing

EMHART CORPORATION ranks as one of the largest companies in the U.S.: it is rated in the top 200 by Fortune magazine, and has substantial interests in Britain. This week it faced up to one of those dilemmas which can face a multinational which is broadly diversified and organised along product lines: a marked variation in employment conditions can develop between subsidiaries in any one country, but any centralised move to harmonise them may produce as many problems as it resolves.

Emhart's products are wide-ranging, from glass bottle machinery to security alarms; and tanning machinery to adhesives. It consists of two main divisions, representing the two companies which existed before a reverse takeover by Emhart swallowed a markedly larger group, United Shoe Machinery.

USM was a conservative Boston company which made every sort of equipment and supplies for making shoes. Known as "The Shoe," in its hayday in the 1950s it had a monopoly in shoe machinery equipment which it would only lease, not sell, to American shoe manufacturers.

In the 1950s an anti-trust suit forced USM to divest itself of half its business, and with the resultant cash it proceeded along a far flung acquisition trail, moving into fasteners, adhesives, and moulding and extruding machinery. As Fortune put it back in 1972, USM is a "globe-girdling, debt ridden, diversified company."

By the time that was written, USM had already rationalised its management structure along product group lines. This structure has remained since the takeover by Emhart in 1976.

What is slightly unusual for an American company is that two of its four main product divisions have their headquarters in Europe: The Bostik Chemical Group in Germany, and the Fastener Group at Birmingham, UK.

Each group has a number of subsidiaries which are scattered around the world, but the greatest number outside the U.S. are in Britain, where USM employs 9,000 people, or 20 per cent of Emhart's total work-force.

It is to overcome the differing conditions of employment among the 13 individual UK subsidiaries that Ronald Hodge, president of the fasteners division — and therefore a USM board member — was appointed this week as chairman of USMC International. This acts as the holding company for USM's interests in Britain and the old commonwealth countries. Its board members are the managing directors of the subsidiaries within that geographic area.

Hodge's main role will continue to be that of president of the fastener division which last year had sales of £110m and pre-tax profits of £16m.

He is anxious to point out that his extra appointment does not mean that the parent company has lost faith in organising itself along product lines. "It has been a remarkable success," he says with enthusiasm.

Nevertheless, when decisions were being made among the various UK subsidiaries last year about whether to opt in or out of the state pension scheme, it was decided that greater co-ordination of personnel policies along geographic lines was desirable.

At a meeting of the USM board at its Connecticut headquarters it was noticed that some of the UK subsidiaries were opting in and others out.

Naturally the USM board turned to its only English member, Ronald Hodge, for a view on which option to take.

While wearing his additional hat as chairman of USMC International, Hodge will have two roles. One will be to co-ordinate employment conditions throughout the UK subsidiaries, and the other to "represent the UK view" to the main U.S. board.

On this latter point Hodge reiterates that there has been no particular problem with the UK subsidiaries not in his fastener division, but he adds: "There has been a feeling that they can communicate better through an Englishman."

The effect of the new structure will be to create the beginnings of a management matrix, as there will be both vertical and horizontal management structures concerned with employment conditions within the British subsidiaries.

Inevitably there is the prospect of argument if the president of a product group and the chairman of USMC International want to make different decisions affecting one subsidiary. Hodge is rather reluctant to admit this but he does agree there is a "potential conflict."

He goes on: "We are very heavily built around group managements. Certainly I would look askance if a similar set-up in Germany started making important changes in terms and conditions of employment in one of my subsidiaries. I will certainly be consulting the group presidents before I review anything on the USMC International Board."

If it really did come to a direct clash—and Hodge is very anxious to emphasise that he cannot see this happening—he says he would defer to the requirements of the product group's management. He adds: "It is not as if we are trying to introduce instant standardisation. The emphasis is one of co-ordination."

Nor, he insists, is this the beginning of a process to change the structure of the company from a product-based structure to a geographic one. "What this amounts to," he says, "is a bit of fine tuning to eleminate some of the minor problems."

Jason Crisp

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Composite stands up to heat

WORK IS under way at Boeing Aerospace Company to prove that a recently-developed composite material can dramatically reduce the weight of future space shuttles. It should also have a significant effect on aircraft design in the future.

In the material, a high temperature resistant polymer developed by the National Aeronautics and Space Administration, is reinforced with carbon fibre filament. Expectations are that it may reduce the weight of spacecraft parts by as much as one-quarter.

Development work is being done by the materials technology group of Boeing's engineering technologies research organisation under a contract from NASA's Langley Research Centre.

Boeing is building several structures from the new material, the largest of which will be a section of the Shuttle's aft body flap. This is at present made up from aluminium and ceramic insulation.

Other trial parts that are to be made include stiffeners, panels, honeycomb structures and moulding.

The contract covers the development of manufacturing techniques and processes for the new material, together with demonstration of its structural suitability.

Able to withstand temperatures up to 600 degrees F, the polymer is designated as PMR-15 polyimide. Carbon fibre is added to the polyimide in its resin state to give structural properties that result in a very high strength and rigid material that is lighter than aluminium by a considerable degree.

Good heat resistance is important for materials in applications such as the Shuttle because of the extreme heat generated during the re-entry phase. By using a more heat-resistant substructure, designers will be able to reduce the weight of the ceramic insulating layer, apart from cutting the weight of the substructure itself.

These fabricated parts that the company is making or will be making will demonstrate the suitability of the quality control, manufacturing and inspection procedures developed by Boeing during the first phase of the contract, awarded about a year ago.

Further details on this new composite material from Boeing at POB 3999, Seattle, WA 98124, U.S.

Paper can withstand the rain

IN RESPONSE to demand from the timber frame building industry, St. Regis has launched Breather 234. This is a strong, durable breather paper which meets, and exceeds, the requirements of B.S.4016:1972.

A two-directional glass reinforced kraft-to-kraft laminate, it can provide all the characteristics required in a waterproof, breathable sheathing paper for timber-framed construction. Two layers of specially treated water-repellent kraft are bonded with a vapour-permeable adhesive to provide good water hold out, combined with more than adequate breathing qualities.

Considerable research and development has gone into the design of Breather 234, which is one of the few reinforced breather papers currently available on the UK market which meets fully the requirements of B.S.4016: 1972.

The vapour permeability rating of a minimum of 64 grammes per sq metre per day is almost twice that required, and the burst strength is over 50 per cent greater.

It is particularly suitable for application over open studwork, or where difficult site conditions may be experienced.

St. Regis coating and laminating division, British Sisalkraft, Knight Road, Strood, Rochester, Kent. Medway 74171.

● METALWORKING

Bends wire to required shape

DESIGNED specifically for the production of small batch quantities and samples of formed wire elements at economical cost, without the need for expensive dies and tooling, is a multiform wire bending machine from Crownflex Engineering, 547 Buxton Road, Stockport, Cheshire SK2 (061-483 3871).

The machine is semi automatic in operation and is easily adjustable to produce variable multi-form shapes of wire elements with bends in one plane. Depending on the gauge of the wire and the geometric shape required, batch quantities of up to eight elements per batch can be produced at one time. The machine will handle wire between 4.47 mm diameter and 2.642 mm diameter, and up to 2.13 metres in length.

The prime use of the machine is in the manufacture of suspension elements for car seating and furniture where the configuration of the element may be varied to provide the required stiffness along the length of the component.

● ELECTRONICS

Single chip pulse code devices

INTRODUCED INTO Europe by Siliconix are a "per channel" pair of pulse code modulation "Codec" integrated circuits designed to meet CCITT requirements.

The DF341 coder is a single chip analogue-to-digital converter having the required logarithmic compressing characteristics for converting speech signals to a serial eight-bit digital format for line transmission. At the receiving end the DF 342 decoder carries out the log expansion needed during the conversion back to analogue speech signals.

Together these circuits provide a complete "Codec" set to meet the needs of per channel voice frequency systems used in PCM channel bank or PABX systems.

Standard sampling rates for the analogue signal are 8 kHz with transmission and reception of the eighth bit words at 2.048 Mbs/sec. Synchronised timing pulses allow multi-channel data to be multiplexed over a single transmission line.

Siliconix is at Morriston, Swansea SA6 6NE (0792 74681).

● COMPUTING

Circular structure models

SHELLS has been developed to simplify—and cut the costs—of modelling and analysing circular and plate structures. The program caters for many such problems, and has been applied to the design of cooling towers, box girder bridges, sheer walls, silos and holding tanks and many kinds of rotating machinery.

Key to Shells is the programme's use of a "strip" type finite element to model structures. Coupled with Fourier techniques, which represent the displacement function along the length of the elements, this simplifies and accelerates analyses—minimising computer time costs.

Input is in the form of fixed field records on a specially prepared data form. This facilitates data clarity and ease of alteration.

The engineer represents his structure as a series of segments which can be grouped together to form a shell for subsequent repetition within the structure. The structure may be a shell of revolution or a segment of a circular structure on a prismatic or rectangular shell, plate or wall.

In the case of circular structures, the shells may be non-prismatic and double curved. The possible boundary conditions are fixed or elastic in any of the global or local axes of the element. The use of beams allows complicated boundaries to be represented—for example, blades of a turbine connected to a disc, or the strut supports of a cooling tower.

Prismatic "right" shells can be curved in plan. The boundary conditions can be fixed in the local or global axes and as in the circular case beams can be used, e.g., to represent the piers of a bridge.

Loading facilities are comprehensive in capability. Dead weight can be automatically calculated. Centrifugal, constant pressure, temperature, prescribed displacements—as well as direct loads and moments—can be applied to any part or parts of the structure. For cooling towers special provision has been made to facilitate the input of pressure curves for wind forces to take into account the variation of pressure and suction with the angle to the wind direction.

LUCS is at 39 Gordon Square, London WC1H 0PD. 01-387 4344.

Small unit has power

Harris Systems introduction of the 123 equipment offers users mainframe power, benefits and versatility without mainframe price.

Costing from £75,000, the basic system includes a virtual memory CPU with 144K bytes of MOS memory and 768K bytes of virtual address space; operator's console; 40 Megabyte storage module disc drive; 9-track, 800 BPI tape drive; 300 lpm printer and a communications processor with a choice of either four asynchronous ports or one synchronous port.

It can accommodate up to 384K bytes of main memory plus a complementary input-output capability, making it capable of satisfying the needs of up to 8 interactive users. Should the need arise, System 123 can be field-converted to either of the larger units in Series 100, including the S125 and the S135 with MOS memory expandable to 768K bytes, and 12,288K bytes of virtual memory. This requires no changes to existing applications software, files or operating system.

The Vulcan operating system on 123 supports seven languages including Fortran IV, Basic, ANSI Cobol, Macro Assembler, Snobol 4, Forgo and Fortran.

Computer Systems Division, Harris Systems, PO Box 27, 145, Farnham Road, Slough, Berkshire SL1 4XD. Tel: Slough 34666.

● CONFERENCE

Finding more uses for ash

ACCORDING to the Central Electricity Generating Board, finding profitable uses for the millions of tonnes of ash produced annually in power stations is a major international problem.

As a result, in conjunction with the National Ash Association (a U.S. body) and the Atomic Energy Research Establishment, Harwell, the Board is organising the First International Conference on Ash Technology from October 22 to 25. Venue will be the CEGB headquarters, Sudbury House, 15 Newgate Street, London EC1A 7AU (01-248 1202).

Papers will include a world review of the production and disposal of ash, the health, safety, environmental and legal aspects, marketing the material, and the development of new applications for it.

More from the conference organiser, CEGB, at the above address.

● OFFICE EQUIPMENT

Copier will meet many needs

SINCE MOST copying machines located within the office, as opposed to those in large central copying rooms, are used to make between two and four copies, a new plain paper machine from Agfa-Gevaert, the Gevafax X-11 with an output of 10 per minute will meet most such needs.

Furthermore, the company states that its pricing structure can make it economical to have a number of the machines installed, each serving a limited area, with all copies combined to give an overall total on which discounted costs are worked out.

The machine can be set to produce single, or multiple copies up to 27, a display counting down to zero as they are produced.

Facilities include a filter which can be switched in for particularly difficult originals such as those with a high proportion of blue, and a consumables store sufficient for 8,000 copies. The static platen can accept books and magazines.

More from the company at 27, Great West Road, Brentford, Middlesex (01-560 2131).

NCR buying company

NOTWITHSTANDING some legal finalities, including a definitive purchase agreement and approvals by the two Boards, NCR is moving into the manufacture of computer output on microfilm (COM) equipment with the acquisition of Quantor of California for US$7½m.

NCR is already a distributor of Quantor machines in several major markets outside the U.S. and in addition offers COM services at its network of data centres in the U.S. and elsewhere. The computer company also makes and sells microfiche readers.

NCR is at 206, Marylebone Road, London, NW1 6LY (01-723 7070).

QUALITY CONTROL

Examination of contacts

COMPACT bench top inspection units and contact analysers for the production testing of micro switches, limit switches, relays, contactors, etc., are available from Craig and Derricott to speed up complicated switch setting-up procedures.

Contesta design is the result of joint development work by Craig and Derricott, a Midlands university, and Instelec, of Hockley, Birmingham. The aim is to test the various parameters associated with contact operation as applied to plunger-operated contact modules.

A motorised table forms the base of the unit on to which is mounted the fixture for holding the switch or module during its test cycles.

The base frame supports the digital display panel which gives a direct read-out of up to seven basic parameters. The parameters can have upper and lower acceptance limits pre-set with "pass/fail" indication. Typical data on switching operation includes "change over time," "contact bounce" and pre-opening "flutter."

Contesta is useful for monitoring operations at very low speeds down to 0.1 mm per second to show contact "flutter." The drive mechanism is arranged to provide linear motion to the plunger in increments of 0.1 mm with high speed running available for non-essential movements.

Craig and Derricott, Hall Lane, Walsall Wood, Walsall, W. Midlands, WS9 9AS. Brownhills 5541.

● PACKAGING

Heavy duty sticky tape

EXCEPTIONALLY strong self-adhesive polypropylene packaging tape for industry by Limpet Tapes is to sell at the same cost as ordinary vinyl tapes.

Polyprop No. 540 is a 40 gauge tape available in buff or transparent, the latter of high clarity. It comes in widths of 38, 50, 75, 100 and 150 mm and roll lengths of 66, 132, 330 and 1,000 metres.

Characteristics include tensile strength of 36 kg per 50 mm width—longitudinal 20 kg—temperature resistance of 70 degrees centigrade and adhesion of 750 g per 25 mm.

The new tape can be applied by hand dispenser or automatic equipment and is particularly suitable for sealing export cases, or for heavy duty applications.

● CALCULATORS

Japan patent to Texas

ROYALTIES as yet impossible to calculate, but amounting undoubtedly to millions of dollars, will accrue to Texas Instruments as the result of a decision by the Japanese Patents Office, taken after four years of deliberations and arguments by opposing calculator manufacturers in Japan.

The decision grants what is virtually an overriding Japanese patent to Texas, covering virtually all hand-held miniature calculators. Specifically, it covers personal battery-operated calculators which have their main electronic circuitry in a single chip.

Based on U.S. patent 3 819 921, granted to Texas in 1974, Japanese publication was made in August of that year.

Following this, some 12 Japanese calculator companies under the auspices of the Japanese Office Machine Manufacturers Association filed their objections. These have now been finally rejected following protracted argument and study.

Under the Japanese patent, Texas will have the right to claim royalties backdated to August 24, 1974, and they will be in respect of work done by Texas over a period of time in the mid-'60s. The relevant patent was filed in 1967.

Since then, some 19 countries around the world, including Britain, have issued patents to Texas for this calculator invention—the first in which a complex integrated circuit was made capable of carrying out many fast arithmetical sub-routines under the control of a simple keyboard.

Pump rate

THROUGHPUT of the Simon-Warman slurry pump mentioned on this page on August 9 should have been quoted as 30 to 1200 litres per second, not per minute.

LOMBARD

The real cost of widgets

BY COLIN JONES

THE FUSS about the State industries' approach to inflation accounting has begun to wane now that Whitehall has let it be known that efforts are being made to work out consistent financial reporting rules. Before the issue goes into limbo, however, one misconception needs to be scotched. This is the idea that the adoption of inflation accounting will have major consequences for State Board pricing policies.

This hare was started by the Price Commission in its report on the South of Scotland Electricity Board. The commission thought that, while it was right for the SSEB to raise its depreciation provisions so as to allow for the rising money cost of using assets, it was wrong for it to do so without allowing for the falling real cost of financing assets with borrowed money. Like most other State Boards, the SSEB is almost wholly debt financed, and so a gearing adjustment would largely cancel out the SSEB's extra depreciation.

Only in the narrowest sense was the commission right. The SSEB's pricing policies are governed by the Price Code which allows a 40 per cent increase in historic cost depreciation as an interim step to inflation accounting. Once this restraint is removed and the SSEB is no longer forced to adopt an accounting approach to pricing policy, inflation accounting will have nothing to do either with the price of electricity or with the return the SSEB ought to make.

Remarkable

If it did, the results would be bizarre. Take the case of the widget companies which, as we all know, had had the remarkable and unique record of being fully equity-financed before they were taken over by the government. As loyal disciples of the Hyde guidelines, they had adopted full current cost accounting without any gearing adjustment, which was of course one of the reasons why they had been regarded as such poor performers. Should the industry have cut its prices when it was nationalised and the National Widget Authority was set up with capital drawn entirely from the National Loans Fund? Of course not.

Suppose the Government, in a fit of aberration, had decided to preserve a measure of competition in the widget market by setting up, not one all-powerful authority, but four separate Boards. Suppose, too, that the Government, losing all sense of what was proper, had given the four Boards different capital structures. One was endowed with public dividend capital, a second was financed with National Loans Fund debt, a third was given the BP treatment and allowed to retain a 49 per cent private equity holding, while the fourth was charged with funding its new investment entirely out of current revenue and reserves. Should they all charge different prices for widgets?

Of course not. Prices are determined by market competition, and the profit or loss the Boards make is a measure of their respective performance. We may be in trouble where competition is weak or absent. Financial targets have to be buttressed by efficiency criteria and cost reduction objectives to guard against monopoly pricing. But the principles of pricing policy are the same. Prices should ensure that users pay the full current resource cost of producing widgets—that is, operating costs plus a capital element representing the opportunity cost of capital or the real return that could be expected from investing in something else. Likewise, new investment should be expected to earn the opportunity rate. Pricing and investment policy are based upon economic principles, not accounting conventions.

Convenience

How then should the four widget boards present their results? The Hyde guidelines are designed to ensure that shareholders in a public company financed partly by loan debt do not bear the full incidence of current cost depreciation. In the state sector, public dividend capital is not true equity but a deferrable fixed interest stock granted to a select few. Reserves reflect the arbitrary impact of past price interventions by Ministers. That most boards are mostly debt financed is a matter not of principle but of the Treasury's administrative convenience.

Whether a state board's capital is drawn from the National Loans Fund or is raised abroad, it is part of the public sector borrowing requirement. It is the Exchequer—and hence the taxpayer—which benefits from the falling real burden of debt redemption irrespective of the purpose for which the debt was raised. State boards should charge current cost depreciation without a gearing adjustment, and show interest charges as an appropriation of profit. This may not satisfy everyone, but there is little that is logical about the way state boards are organised and financed. Either way, inflation accounting will in no way justify a reduction in the price of nationalised widgets.

AROUND BRITAIN

HARROGATE

The great exhibition centre

BY ANTHONY MORETON

THE GIANT new conference centre at Harrogate *should* be open for business some time towards the end of next year. The target date is now set for November but as the opening has already slipped by about a year, causing the town to tell the Confederation of British Industry that it will not be able to accommodate it next year, predictions are being laced with caution.

As the opening has been put back so costs have gone up. When work started in 1976 it was estimated that the total bill would come to £7m. Now it will come out at some £11m. As a result one private developer has had to pull out from his £2m share, and in order to contain the amount falling on the ratepayer Harrogate has had to go to Morgan Grenfell for medium-term finance.

Probably two-thirds of the increase has been due to inflation but the rest has been incurred by the town modifying the design to incorporate the latest developments.

When completed the complex will comprise, in addition to the conference centre, an office block, a hotel, a supermarket and shops, restaurant and bars. Negotiations for a single tenant for the office block have almost been completed and an international group is undertaking a feasibility study of the hotel.

It is the conference centre which is the core of the complex, though, and it is on its success that the whole project will hinge.

Harrogate is already one of the largest conference and exhibition centres in Britain, along with Wembley, Brighton, Birmingham's National Exhibition Centre and, when completed, the Barbican in the City of London. Among those with new facilities these are the big five. There are plenty of other towns that hold conferences — Blackpool, Scarborough, Douglas, Eastbourne, Torquay, among the larger, and Pitlochry, Bridlington, Bognor, among the smaller—so competition to attract custom is considerable.

Last year Harrogate entertained 382 conferences which brought with them 41,808 delegates—rather below the record years of 1974 and 1975. In addition, however, there were another 32,946 visitors last year to exhibitions put on in association with a conference, and 110,119 people at trade fairs.

At the moment the town is well served with exhibition facilities but less so with those for conferences. Those not held in hotels use the Royal Hall, a theatre built around the turn of the century and capable of holding 1,400 people. There are five exhibition halls, all linked to each other as well as to the Royal Hall, the first of which this year celebrates its 21st anniversary.

For a place which has been a spa town since the 18th century Harrogate has made the transition to 20th-century business very smoothly; 200 years ago royalty from all over Europe beat a path to its doors; while last weekend the town acted as host to the centenary of the Cyclists' Touring Club. The exhibition halls were packed, and races round the town took place at night despite the rain. It was all very much like the Jacques Tati film Jour de Fête.

The transition really took place in the early 1950s when the newly-created National Health Service decided not to support spas. The council ran the spa facilities from its own coffers for a while then jibbed at the £35,000 a year deficit. At this point, to provide an alternative clientele for the town it started sponsoring conferences and, later, exhibitions to run on a back-to-back basis.

Today, the conference and exhibition trade is big business—though exactly how big is not known. In 1970, when a conference centre was first mooted, it was estimated that conferences brought £5m a year to Harrogate, both direct and through the spin-off from wives, guests and general spending.

Mr. Tony Miles, the director of resort services, thinks that this figure is now between £7m and £8m, but given the increase in inflation over the past eight years this is probably a very conservative estimate.

The philosophy behind the conference centre is simple: fill the town's hotels and guest-houses. There are around 4,500 beds in the town, of which 1,800 are in the starred hotels. If visitors can be attracted in to occupy these beds then the town's prosperity will continue. In the old days "taking the waters" brought them in; today, it is conferences and exhibitions.

When the centre was first mooted Harrogate wrote to over 50 per cent of the organisations which held conferences with between 1,400 and 2,000 delegates asking if they would consider the town if it had a centre suitable for their needs. There was a positive response, with both the Liberal Party and the CBI expressing strong support for the idea.

It is all the more galling for Harrogate that it has now been forced to put off the CBI, which had hopes of holding its conference there in November, 1979. "The centre will probably be ready," Mr. Miles says, "but there is no way in which I want the CBI to come in as the first occupier. I need to have it in use for a couple of months, to iron out the problems, before I taken on such a large commitment."

Unlike Wembley or Brighton, whose massive 5,000-seat centre opened last year just before the Labour party conference, Harrogate does not see its centre as a multi-purpose building. "We will be able to hold concerts in the 2,000-seat auditorium," Mr. Miles says, "but essentially it is a conference centre we are building. That is our market."

Both Brighton and Wembley have actively promoted a variety of events such as pop concerts, boxing and wrestling matches, and other entertainments. Bing Crosby's last concert was in Brighton three days before he died. Bing, as it happens, was a not-infrequent visitor to Harrogate but, it seems, there would have been no place for him in the new centre.

THE BIG FIVE NEW CONFERENCE & EXHIBITION CENTRES

Ovac could prove the one they all have to beat

RACING

BY DOMINIC WIGAN

DESPITE the regrettable absence of Formidable, Persian Bold and Ireland's Welsh Captain, to-day's renewal of the seven-furlong Hungerford Stakes again has the ingredients for an intriguing race.

The 11 to have stood their ground for this event, with £15,000 in added prize money, include Ovac, Boldboy and Weth Nan.

Judged by the fine race he ran when a close fourth behind the cleverly ridden Jaazerio in Goodwood's Sussex Stakes, Ovac is entitled to start favourite here.

On terms with Radetsky two furlongs from home at Goodwood, the Henry Cecil 5-year-old could then find no more, and faltering in the final 100 yards he went down narrowly to the Brittain horse and Formidable in the minor honours behind the Irish colt.

This afternoon's seven-furlong trip—a furlong less than the Sussex—and easier ground conditions will suit the powerfully-made ex-Italian horse and I shall be both surprised and disappointed if he does not prove the one they all have to beat.

Although he invariably gives his backers a good run for their money and is at his most potent here, the top weight, Boldboy, seems to have too much to do under 9st 7 lb. A better bet for anyone deciding to oppose Ovac is probably that fine two-year-old of last year, Weth Nan, of whom we have yet to see the best this season. Like Ovac he will be in his element should the ground ease further.

Even if Boldboy fails to land her the day's feature event, Lady Beaverbrook, who has been a tremendous supporter of British racing, could find herself in the winner's enclosure, for Sungold looks poised to land the Newton Stakes.

This consistent but luckless Royalty colt did well to finish a close third behind the underrated Chop Gate at Newmarket early last month, and he again ran well without proving quite good enough in the same course's Links States a fortnight later.

In what appears to be the less competitive first division of the Sparsholt Stakes it could pay backers to take a chance with Jeremy Tree's newcomer, Nest Builder, reputedly Beckhampton's most highly rated juvenile; while in the St. Hugh's Stakes I would give another chance to Weth Nan's stable companion, Innini.

NEWBURY

2.30—Nest Builder*
3.00—Dasman
3.30—Ovac**
4.00—Innini
4.30—Sungold***
5.00—Pescadora
5.30—Bus Kashi

TV/Radio

† indicates programme in black and white.

BBC 1

6.40 am Open University (Ultra High Frequency only). 9.55 Paddington. 10.00 Jackanory. 10.15 Scooby Doo. 10.35 Country Search. 11.25 Cricket: Second Test, England v New Zealand. 1.30 pm Trumpton. 1.45 News. 2.00 The Commonwealth Games Cricket: Second Test. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Take Hart. 5.05 Play Away. 5.35 Captain Pugwash.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Hoe-Down.
6.50 The Osmonds.
7.20 The Commonwealth Games.
8.30 The Fall and Rise of Reginald Perrin.
9.00 News.
9.25 Petrocelli.
10.15 Face the Music (London and South East only).
10.45 Regional News.
†10.46 The Late Film: "A Tale of Two Cities," starring Ronald Colman.

All regions as BBC 1 except at the following times:

Wales—1.30-1.45 pm O Dan Y Mor. 5.05 Crystal Tipps and Alistair. 5.10-5.35 Telliffant. 5.55 Wales Today. 6.20-6.50 Crwydro Clawdd Offa (1) O Gasgwent I Henffordd. 9.25-9.55 Eisteddfod '78. 9.55 Petrocelli. 10.45-10.46 News for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Breathing Space. 10.45-10.46 News for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Festival '78. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) On Camera; Midlands (Birmingham) Have Show, Will Travel; North (Leeds) Young Music Makers; North East (Newcastle) Friday North; North West (Manchester) Champion Brass; South (Southampton) A Secret England; South West (Plymouth) Peninsula; West (Bristol) It's In The Blood.

BBC 2

6.40 am Open University.
11.00 Play School.
4.30 pm Cricket: Second Test, England v New Zealand.
6.35 Open University.
7.00 News on 2 Headlines.
7.05 Children's Wardrobe.
7.30 News on 2.
7.40 Six English Towns.
8.10 "Thieving Magpie (animated film).
8.20 Master Class: Jack Brymer (clarinet) with Geoffrey Pratley (piano).
9.00 Jazz from Montreux with Ella Fitzgerald and the Tommy Flanagan Trio.
9.25 Horizon.
10.15 Don't Forget To Write!
11.05 Late News on 2.
11.15 Cricket: Second Test highlights.
11.45 Closedown (reading).
BBC 2 Wales Only—2.30-4.30 pm Eisteddfod 78: The climax of the week.

LONDON

9.30 am History Around You. 9.55 Be A Sport with Brendan Foster. 10.20 Oscar. 10.30 Animated Classics (Mysterious Island). 11.15 Stationary Ark. 11.40 Felix the Cat. 12.00 A Handful of Songs. 12.10 pm Pipkins. 12.30 The Benson and Hedges Open Golf Tournament. 1.00 News plus FT index. 1.20 Platform. 1.30 Family. 2.25 Benson and Hedges Golf Tournament. 4.15 Children of the Stones. 4.45 Runaround. 5.15 The Cuckoo Waltz.
5.45 News.
6.00 Cartoon Time.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Backs to the Land.
8.00 Hawaii Five-O.
9.00 The Foundation.
10.00 News.
10.30 M'Lords, Ladies and Gentlemen.
11.25 Police 5.
11.35 Law Centre.
12.40 am Close—A Victorian painting and music by Chopin.

All IBA regions as London except at the following times:

ANGLIA

10.20 am Dynomutt—the Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Paper Lads. 1.25 pm Anglia News. 5.15 Stars on Ice. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 Friday Late Film: "The Barefoot Contessa." 12.55 am Christians in Action.

ATV

10.20 am Friends of Man. 10.45 Paper Lads. 11.10 Conquest of the Sea. 1.20 pm ATV Newsdesk. 1.30 General Hospital. 5.15 Those Wonderful TV Times. 6.00 ATV Today. 8.00 The Incredible Hulk. 11.30 Quincy.

BORDER

10.20 am Dynomutt—The Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 The Paper Lads. 1.20 pm Border News. 1.30 Survival. 2.00 After Noon. 5.15 The Partridge Family. 6.00 Lookaround Friday. 8.00 The Incredible Hulk. 11.30 The Law Centre. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's on Where. 1.30 Beryl's Lot. 2.00 After Noon. 5.15 Friends of Man. 6.00 Channel News. 6.10 Valley of the Dinosaurs. 7.30 Survival. 8.00 The Incredible Hulk. 10.28 Channel Late News. 10.32 Summer of '78. 11.00 Mystery Movie: Columbo. 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.20 The Beachcombers. 10.45 Tell Me Why. 11.10 Magic Circle. 11.35 The Paper Lads. 1.20 pm Grampian News Headlines. 1.30 Survival. 2.00 Summer After Noon. 5.15 The Cuckoo Waltz. 6.00 Grampian Today. 6.10 The Fair Six. 7.30 Bless this House. 8.00 The Incredible Hulk. 11.25 Reflections. 11.30 Grampian Late Night Headlines. 11.35 Law Centre, followed by Road Report.

GRANADA

10.25 am Sesame Street. 11.20 Castaway. 11.45 Kathy's Quiz. 1.20 pm This Is Your Right. 1.30 The Amazing World of Kreskin. 2.00 After Noon. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada News. 6.10 Summer Sport. 6.45 Cartoon Time. 7.30 The Many Wives of Patrick. 11.30 Friday Film Premiere: "Twinky," starring Charles Bronson and Susan George. 1.15 am A Little Night Music.

HTV

10.20 am Rivers of Delight. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Paper Lads. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Those Wonderful TV Times. 2.00 Women Only. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Oh No, It's Selwyn Froggitt. 8.00 The Incredible Hulk. 10.35 Music Makes People. 11.05 M'Lords, Ladies and Gentlemen.

HTV Cymru/Wales—As HTV General Service except: 9.35am-12.00 Yr Eisteddfod Genedlaethol, 1978. 1.20-1.25pm Penawdau Newyddion y Dydd. 3.00-3.40 The Royal National Eisteddfod of Wales. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd Yn y Brifwyl. 6.30-7.00 Yr Eisteddfod Genedlaethol, 1978. 10.35 Nebyn de Deilwng. 11.05-12.05 Decision: British Communism.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am Dynomutt, the Dog Wonder. 10.45 Tell Me Why. 11.10 Magic Circle. 11.35 Paper Lads. 1.25 pm News and Road and Weather. 1.30 Houseparty. 2.00 Summer After Noon. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Laverne and Shirley. 8.00 The Incredible Hulk. 10.30 Late Call. 10.35 House of Horrors: "Countess Dracula."

SOUTHERN

10.20 am Adventures in Rainbow Country. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 The Paper Lads. 1.20 pm Southern News. 1.30 Those Wonderful TV Times. 2.00 Women Only. 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day. 6.00 Scene South East. 6.30 The Cuckoo Waltz. 8.00 The Incredible Hulk. 10.30 Southern News Extra. 10.35 The Friday Horror Film: "Psychomania."

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 10.20 Tarzan. 11.10 Magic Circle. 11.35 The Secret Lives of Waldo Kitty. 1.20 pm North East News and Lookaround. 1.30 Challenge of the Sexes. 2.00 Afternoon in Action. 5.15 Gambit. 6.00 Northern Life. 7.30 Rising Damp. 8.00 Miss Tyne Tees '78. 10.30 The Friday Film—"Frankenstein Must Be Destroyed," starring Peter Cushing. 12.25 am Epilogue.

ULSTER

10.20 am The Lost Islands. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Paper Lads. 1.20 pm Lunchtime. 1.30 The Story of Wine. 2.00 The Electric Theatre Show. 4.13 Ulster News Headlines. 5.15 The Flintstones. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 8.00 The Incredible Hulk. 11.30 Bedtime.

WESTWARD

10.20 am Classical Fairy Tales—Hansel and Gretel. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Paper Lads. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 Beryl's Lot. 2.00 Summer After Noon. 5.15 Friends of Man. 6.00 Westward Diary and Sports Desk. 7.30 Miss Westward. 8.00 The Incredible Hulk. 10.28 Westward Late News. 10.30 Summer of '78. 11.00 Mystery Movie: "Columbo." 12.40 am Faith for Life.

YORKSHIRE

10.20 am Tarzan. 11.10 The White Stone. 11.35 Dynomutt. 1.20 pm Calendar News. 1.30 Houseparty. 2.00 Summer After Noon. 5.15 Out of Town. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Bless this House. 8.00 The Incredible Hulk. 11.30 The Protectors.

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Kid Jensen with the Radio 1 Roadshow from Colwyn Bay. 12.30 Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Paul Gambaccini, including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-3.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S), including 6.15 Pause for Thought and 7.02 Commonwealth Games Sports Desk. 7.32 Brian Matthew (S), including 8.02 Commonwealth Games Sports Desk; 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S), including 1.45 Sports Desk. 2.30 David Hamilton (S), including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Bill Prince (S), including 5.45 Sports Desk and 6.02 Crossing Channel Motoring Information. 6.33 Commonwealth Games Sports Desk. 7.02 Jim Macleod and his Band in the Radio 2 Ballroom (S), including 7.30 Sports Desk. 8.02 John Fox conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Commonwealth Games Sports Desk. 10.02 Games People Play. 10.30 Let's Go Latin with Chico Arnez and his Cubana Braves. 11.02 Edmonton '78 with Terry Wogan. 12.00 News. 3.00-3.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Janacek (S). 9.40 BBC Northern Ireland Orchestra (S). 10.25 Young Artists Recital (S). 11.25 Cricket: Second Test. Cornhill Insurance Series: England v. New Zealand, including 1.35 pm News. 1.40 Playbill. 2.00 Lunchtime scoreboard. 6.40 Lifelines: Leisure and Recreation. 7.30 Proms '78 part 1 (S). 8.10 Misunderstandings. Jung. 8.30 Proms '78 part 2 (S). 9.35 The Living Poet. 10.00 Schubert Looks Back (S). 10.40 Preface on Doctors by Bernard Shaw. 11.25 Music for Two Cellos (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

VHF—6.00-7.00 am Open University. 7.00 With MW. 11.25 Historic Performance on Record. 12.00 BBC Northern Symphony Orchestra concert part 1 (S). 1.00 News. 1.05 Playbill (S). 1.25 Concert part 2 (S). 2.10 Arnold Cooke chamber music (S). 3.05 Father and Son (S). 3.55 Violin and Piano recital (S). 4.45 The Young Idea (S). 5.45 Open University. 7.30 With MW.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, including 7.00 and 8.00 Today's News; 7.30 and 8.30 News Headlines. 8.45 Hard Times (S). 9.00 News. 9.05 Local Time. 9.35 The Life and Times of the Piano (S). 10.00 News. 10.05 Let's Get this Settled. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Pain, A Way of Life. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Manchester, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 The Good Old, Bad Old Days. 4.35 Story Time. 5.00 PM Reports. 5.40 Encore Within. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Many Reasons Why. 9.15 Letter from America. 9.30 Lambeth Conference Report. 9.45 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight (S). 10.30 A Little Night Exposure (S). 10.55 Nightcap. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Rock's off. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

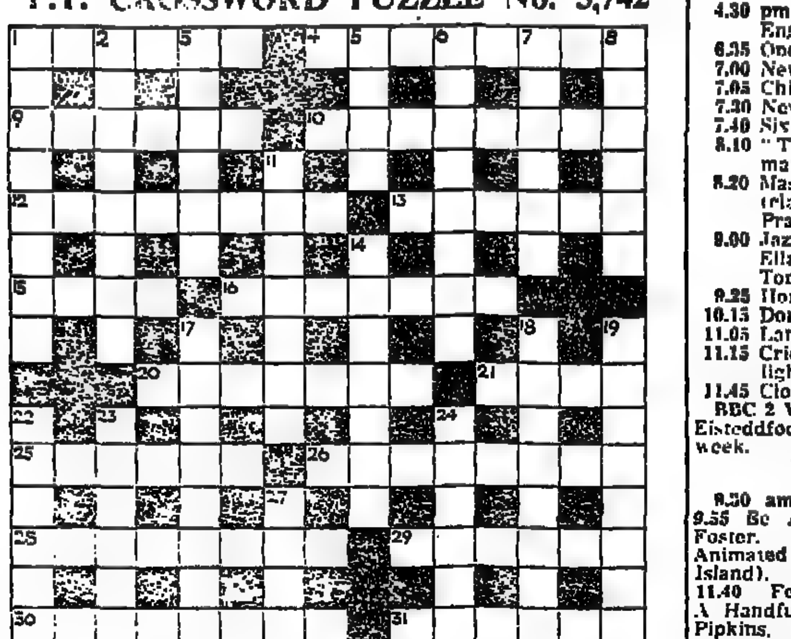
5.00 am Morning Music. 6.00 AM: Non-stop news information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 o'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tony Myatt (S). 12.00 Dave Cash (S). 3.00 pm Peter Young (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,742



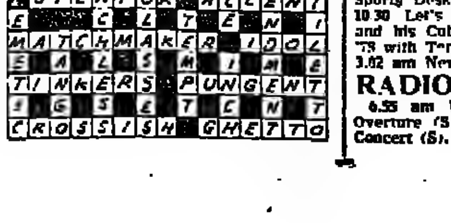
ACROSS

1 Gate used by cricketers (6)
4 Whip rear of nag in fun it should throw light on the subject (5-3)
9 A ringleader in pink heads (6)
10 Driver needs doctor to stir mixture (8)
12 Continue to resist project (5, 3)
13 Express train from the south (6)
15 Instrument with nothing in order (4)
16 Brew in the north and drink outside could produce a serious accident (5-2)
20 Just one accepting gas for a haircut (7)
21 Box for fish from the south (4)
25 Is able to copy a savoury titbit (6)
26 Taking the way to London outer suburb (8)
28 Cut off a fickle edition (8)
29 Pitch to acquire a goal (6)
30 The French politician to send light support (8)
31 Customer has no part to change (6)

DOWN

1 Part of factory putting gas in Notts. town (8)
2 Unassailable players joining club (4-4)
3 Announcing a discovery in Greece (6)
5 Behold the first book to plunder (4)
6 It's not so far this way and could be 20 (5-3)
7 Instrument could make it a rug (6)
8 Recording no bell-like sound (6)
11 Increase the supply of gold going to F.B.I agents on trust initially (7)
14 Is duck dead or just separate? (7)
17 Two pieces of meat cut off promptly (4-4)
18 Odds on the wrong horse or dog (8)
19 Scare right in the swamp (8)
22 Southern stroke or scribble (6)
23 Unstable in company (6)
24 Is able to notice a country (6)
27 Place to eat with me on ship (4)

Solution to Puzzle No. 3,741



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Tonight & Thur. next at 7.30 The Magic Flute. Tomor. at 7.30 new production of THE CONSUL (this replaces scheduled perf. of Carmen). For further details ring 01-240 5250. Wed. next at 7.30 La Bohème. 104 balcony seats available from 10.00 on day of perf.

ROYAL FESTIVAL HALL. 928 3191. Until Aug. 19. Evs. 7.30. Mat. Sats. 3. GREAT STARS OF WORLD BALLET. GALA BALLET SEASON. FONTEYN, GIELGUD, MAKAROVA, MORISHITO, SEYMOUR and BUJONES, JEFFERIES, KELLY, NAGY, SHIMIZU and CORPS DE BALLET.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. LAST TEN WEEKS. MUST END OCT. 14. Evgs. 7.30. Mats. Thurs. 3.0. Sat. 4.0. IRENE IRENE IRENE. THE BEST MUSICAL of 1976, 1977 and 1978! IRENE IRENE IRENE. "LONDON'S BEST NIGHT OUT." Sunday People. CREDIT CARD BOOKINGS 836 7611.

ALBERY. 836 3878. Credit card bkgs. 836 1071-3 from 8.30 am. Party rates Mon., Tues., Wed. and Fri. 7.45 pm. Thurs. and Sat. 4.30 and 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER. "MIRACULOUS MUSICAL." Fin. Times. "CONSIDER YOURSELF LUCKY TO BE ABLE TO SEE IT AGAIN." Daily Mirror.

ALDWYCH. 836 6404. Info. 836 5332. Fully air conditioned. ROYAL SHAKESPEARE COMPANY. Tonight 7.30. Tomor. 2.0 and 7.30. Steve Gooch's THE WOMAN PIRATES ANN BONNEY AND MARY READ. "More fun, thought-provoking and expectation-defying than anything else on the West End stage." Time Out. With: Strindberg's THE DANCE OF DEATH (next perf. 17 Aug.). RSC also at THE WAREHOUSE (see under W.).

ALMOST FREE. 485 6224. Lunchtimes ONE OFF by Bob Wilson. Tues.-Sat. 1.15 pm. Suns. 3.0 and 5.0 pm. No Shows on Monday.

ALMOST FREE. 485 6224. Evenings Kurt Vonnegut's PLAYER PIANO by James Saunders. Tues.-Sat. 8.0 pm. No shows Mondays.

AMBASSADORS. CC. 01-836 1171. Nightly at 8.00. Matinees Tues. 2.45. Saturdays at 5 and 8. PATRICK CARGILL and TONY ANHOLT in SLEUTH. The World-Famous Thriller by ANTHONY SHAFFER. "Seeing the play again is in fact an utter and total joy." Punch. Seat prices £2.00 and £4.40. Dinner and Top-price Seat £7.50.

APOLLO. 01-437 2663. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.00 and 8.00. DONALD SINDEN. "Actor of the year." Evening Standard. "IS SUPERB." N.o.W. SHUT YOUR EYES AND THINK OF ENGLAND. "Wickedly funny." Times.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious . . . see it." Sunday Times. Monday to Thursday 8.30. Friday and Saturday at 7.00 and 9.15.

ASTORIA THEATRE. CC. Charing Cross Rd. 01-734 4291. Mon.-Thurs. 8 pm. Fri. and Sat. 6.00 and 8.45. (Buffet food available.) ELVIS. "Infectious, appealing, foot stamping and heart-thumping." Observer. Seats £2.00-£6.00. Half-hour before show best available seats £3.00. Mon.-Thurs. and Fri. 6 pm perf. only. BEST MUSICAL OF THE YEAR. EVENING STANDARD AWARD.

CAMBRIDGE. CC. 836 6056. Mon. to Thur. 8.00. Friday, Saturday 5.45 and 8.30. IPI TOMBI. Exciting Black African Musical. "Packed with variety." Dly. Mirror. Seat prices £2.00-£5.00. THIRD GREAT YEAR. Dinner and top-price seats £8.75 incl.

CHICHESTER. 0243 81312. Tonight, Aug. 12, 14 & 15 at 7.00 LOOK AFTER LULU. Aug. 12 at 2.00. Aug. 11 at 7.00 THE ASPERN PAPERS.

COMEDY. 01-930 2578. Evgs. Mon.-Fri. 8.00. Sat. 5.00 and 8.30. Mat. Thur. 3.00. EDWARD WOODWARD, BARBARA JEFFORD in THE DARK HORSE with STACY DORNING and PETER WOODWARD. A cracking New Play by Rosemary Anne Sisson. "A Tudor treat not to be missed. Damned good theatre." S. Times. "Family entertainment . . . anyone of any age is likely to enjoy." S. Tel. "A laugh a minute." D. Tel. "Opportunities brilliantly seized by Edward Woodward and a first rate cast in Val May's extremely effective production." E. News. "Americans will love it." Gdn.

CRITERION. 930 3216. CC. 836 1071-3. Evgs. 8. Sats. 5.30, 8.30. Thurs. 3.0. NOW IN ITS SECOND YEAR. LESLIE PHILLIPS in SIX OF ONE. A HALF A DOZEN LAUGHS A MINUTE. SECOND HILARIOUS YEAR. "VERY FUNNY." Sun. Tel.

DRURY LANE. 01-836 8108. Mon. to Sat. 8.00. Matinees Wed. & Sat. 3.00. A CHORUS LINE. "A rare, devastating, joyous, astonishing stunner." S. Times. 3rd GREAT YEAR.

DUCHESS. 836 8243. Mon. to Thurs. Evenings 8.00. Fri., Sat. 6.15 and 9.00. OH! CALCUTTA! "The nudity is stunning." Daily Tel. 9th Sensational Year.

DUKE OF YORK'S. 01-836 5122. Evenings 8.00. Mats. Wed. Sat. 3.00. Limited Season. Must end August 26. JOHN GIELGUD in Julian Mitchell's HALF-LIFE. A NATIONAL THEATRE PRODUCTION. "Brilliantly witty . . . no one should miss it." Harold Hobson (Drama). Instant credit card reservations. Dinner and Top-price seats £7.00.

FORTUNE. 836 2238. Evs. 8.00. Thurs. 3. Saturday 5.00 and 8.00. Muriel Pavlow as MISS MARPLE in MURDER AT THE VICARAGE. FOURTH GREAT YEAR.

GARRICK THEATRE. CC. 01-836 4601. Evgs. 8.15. Wed. 3.0. Sat. 5.30 & 8.30. TIMOTHY WEST, GEMMA JONES, MICHAEL KITCHEN in HAROLD PINTER'S THE HOMECOMING. "BRILLIANT—A TAUT AND EXCELLENTLY ACTED PRODUCTION." D. Tel. "AN INEXHAUSTIBLY RICH WORK." Guardn. "NOT TO BE MISSED." Times.

GLOBE THEATRE. 01-437 1592. Evgs. 8.15. Wed. 3.0. Sat. 6.0, 8.40. PAUL EDDINGTON, JULIA McKENZIE, BENJAMIN WHITROW in ALAN AYCKBOURN'S New Comedy TEN TIMES TABLE. "This must be the happiest laughter-maker in London." D. Tel. "An irresistibly enjoyable evening." Sunday Times.

GREENWICH THEATRE. 01-858 7755. WILLIAM DOUGLAS HOME'S Newest play THE EDITOR REGRETS. Evenings 8.0. Sats. 5 and 8.

HAYMARKET. 930 9832. Evgs. 8.00. Wed. 2.30. Sat. 4.30 and 8.00. PAUL SCOFIELD, HARRY ANDREWS, ELEANOR BRON, TREVOR PEACOCK and IRENE HANDL in A FAMILY. A new play by RONALD HARWOOD. Directed by CASPER WREDE. "An admirable play, honest, well conceived, properly worked out, freshly and fittingly written, richly satisfying." Paul Scofield at his best." B. Levin. S. Times.

HER MAJESTY'S. CC. 01-930 6606. Evenings 8.00. Mats. Wed. Sat. 3.00. JAMES EARL JONES in PAUL ROBESON. "Magnificent." D. Exp. "Spellbinding theatre." D. Mail. "Make it a must." Evening Standard. Limited Season.

KING'S ROAD THEATRE. 352 7488. Mon. to Thur. 9.0. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW. DON'T DREAM IT. SEE IT!

LONDON PALLADIUM. 01-437 7373. LAST 3 WEEKS. ENDS AUG 19. Mon., Tues., Thurs. and Fri. at 8. Wed. and Sat. 6.10 and 8.50. THE TWO RONNIES in a Spectacular Comedy Revue.

LONDON PALLADIUM. 01-437 7373. September 4. For one week only. MAX BYGRAVES with Special Guest Star TOBY HEATHERTON.

LONDON PALLADIUM. 01-437 7373. September 25th. For one Week Only. LENA MARTELL.

LYRIC THEATRE. 01-437 3686. Evs. 8.0. Mat. Thurs. 3.0. Sat. 5.0 and 8.30. JOAN PLOWRIGHT, FRANK FINLAY in FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. "TOTAL TRIUMPH." Ev. News. "AN EVENT TO TREASURE." D. Mir. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAYFAIR. 629 3036. Air cond. Evs. 8. Sat. 5.30 and 8.30. Wed. Mat. 3.00. WELSH NATIONAL THEATRE CO. DYLAN THOMAS'S UNDER MILK WOOD.

MERMAID. 248 7656. Restaurant 248 2835. Evenings 7.30 and 9.15. EVERY GOOD BOY DESERVES FAVOUR. A play for actors and orchestra by TOM STOPPARD & ANDRE PREVIN. Seats £4, £3 and £2. "NO ONE WHO LOVES THE ENGLISH LANGUAGE AND THE HIGHEST COMIC ART CAN POSSIBLY MISS THIS PLAY." S. Times. "At last a meaningful and brilliant and serious political play." Clive Barnes, NY Post. Run extended to September 30.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Ton't 7.30. Tomor. 2.45 & 7.30 THE CHERRY ORCHARD by Chekhov trans. by Michael Frayn. LYTTELTON (proscenium stage): Ton't 7.45. Tomor. 3 & 7.45 PLENTY new play by David Hare. COTTESLOE (small auditorium): Prom. season. Evgs. 8 (until Sept. 2) THE PASSION. Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bkgs. 928 3052.

OLD VIC. 928 7616. "PROSPECT AT THE OLD VIC." June-September season. THE LADY'S NOT FOR BURNING. Derek Jacobi "gives a role of virile authority." Standard. "Eileen Atkins riveting physical fluidity." Financial Times. "A gem of a performance from Robert Eddison." Michael Denison, John Savident & Brenda Bruce scoop up the laughs." Guardian. Today 7.30, at 2.30 and 7.30. Derek Jacobi in IVANOV — Chekhov's first comedy. Previews from August 16th at matinee prices.

OPEN AIR. Regent's Park. Tel. 486 2431. A MIDSUMMER NIGHT'S DREAM. Tonight 7.45. Tomorrow 2.30 and 7.45. With RULA LENSKA, IAN TALBOT, ELIZABETH ESTENSEN, DAVID WESTON. Shaw's MAN OF DESTINY AND DARK LADY OF THE SONNETS. Mon. 8.00. Mat. Wed. 2.30. Esmond Knight in AGINCOURT. Lunchtime today 1.15.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.0. Fri. & Sat. 6 & 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PHOENIX. 01-836 2294. Evenings at 8.15. Friday and Saturday 6.00 and 8.40. "TIM BROOKE TAYLOR, GRAEME GARDEN make us laugh." D. Mail. THE UNVARNISHED TRUTH. The Hit Comedy by Royce Ryton. "LAUGH, WHY I THOUGHT I WOULD HAVE DIED." Sunday Times. "SHEER DELIGHT." Ev. Standard. "GLORIOUS CONTINUOUS LAUGHTER." Times.

PICCADILLY from 8.30 am. 437 4506. Credit cards 836 1071-3. Mon.-Thur. 8. Fri. and Sat. 5 and 8.15. (15th at 7.) SYLVIA MILES, twice OSCAR nominee, and SHEILA GISH. ". . . SPECTACULAR PERFORMANCES FROM EVERY MEMBER OF THE COMPANY." Guardian. In a new play by TENNESSEE WILLIAMS VIEUX CARRE. (The "Old Quarter" of New Orleans) "For those who delight in the continued power of this great writer . . . showing all his marvellous comic gift." Times.

PRINCE EDWARD. CC. (Formerly Casino.) 01-437 6877. Performances this week: Evgs. 8.0. Mat. Thur. 3.0. Sat. 3.0, 8.40. NOTE CHANGE OF SAT. PERFS. From September 2 Sats. 3.00 and 8.00. EVITA by Tim Rice and Andrew Lloyd Webber. Directed by Harold Prince.

PRINCE OF WALES. CC. 01-930 8681. Evenings 8.0. Saturdays 5.30 and 8.45. THE HILARIOUS BROADWAY COMEDY MUSICAL I LOVE MY WIFE starring ROBIN ASKWITH. Directed by GENE SAKS. CREDIT CARD BOOKINGS 930 0846.

QUEEN'S. CC. 01-734 1166. Prevs. from Wed. Evgs. 8.0. Sats. 5.0 and 8.30. Opens Aug. 23rd at 7.0. GEORGE CHAKIRIS, ROY DOTRICE, JAMES VILLIERS, RICHARD VERNON in THE PASSION OF DRACULA.

RAYMOND REVUEBAR. CC. 01-734 1593. At 7 pm, 9 pm, 11 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. Fully air-conditioned. 21st SENSATIONAL YEAR.

REGENT. (Oxf Circ Tube) 01-637 9862/3. THE GREAT AMERICAN BACKSTAGE MUSICAL. Evgs. 8.30. Thurs. & Sat. 7.00 & 9.00. A CHORUS LINE? AN EPIC FOR SIX PERFORMERS. CREDIT CARD BOOKINGS 01-637 9862/3.

ROYAL COURT. 730 1745. Air Cond. Evgs. 8. Sat. at 8.0. ECLIPSE by Leigh Jackson with Ann Bell, Peter Bowles, James Cossins, Leonard Fenton and PAUL ROGERS. "Refreshingly unfashionable and conspicuously intelligent." M. Billington. Gdn.

ROYALTY. Credit Cards. 01-405 8004. Monday-Thursday Evenings 8.00. Friday 5.30 and 8.45. Saturdays 3.00 and 8.00. London critics vote BILLY DANIELS in BUBBLING BROWN SUGAR. Best Musical of 1977. Tel. Bookings accepted. Major credit cards. Restaurant Reservations 405 2418.

SADLER'S WELLS THEATRE. Rosebery Ave., E.C.1. 837 1672. Until Sept. 2. Evgs. 7.30. Mat. Sats. 2.30. MARCEL MARCEAU. "Magic . . . This supreme mime of our time." Evening News.

SAVOY THEATRE. 01-836 8888. Credit cards 734 4772. Tom Conti in WHOSE LIFE IS IT ANYWAY? with JANE ASHER. "A MOMENTOUS PLAY, I URGE YOU TO SEE IT." Guardian. Evs. at 8.00. Fri. and Sat. 5.45 and 8.45.

SHAFTESBURY. CC. 01-863 6596. Shaftesbury Ave. (High Holborn end). FANTASTIC GODSPELL. "BURSTING WITH ENJOYMENT." D.T. Prices £2 to £5. Best seats £2.50 ½-hour before show at Box Office. Except 2nd perf. Fri. and Sat. Mon.-Thur. 8.15. Fri. and Sat. 5.30 and 8.30. Trans. to Duke of York's, Aug. 29.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sat. 5.30 and 8.30. NO SEX PLEASE—WE'RE BRITISH. THE WORLD'S GREATEST LAUGHTER MAKER. GOOD SEATS £4.00-£1.00.

ST. MARTIN'S. CC. 836 1443. Evs. 8.00. Matinees Tues. 2.45. Sats. 5 & 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 26th YEAR.

TALK OF THE TOWN. CC. 734 5051. 8.00. Dining Dancing (Bars open 7.15). 9.30 Super Revue RAZZLE DAZZLE and at 11 p.m. LOS REALES DEL PARAGUAY.

THEATRE UPSTAIRS. 730 2554. Rehearsed Reading. BUKHARIN by Andy McSmith. Ton't and Tomor. only at 7.30 pm.

VAUDEVILLE. 836 9988. CC. Evs. 8.00. Mat. Tues. 2.45. Sat. 5 and 8. Dinah SHERIDAN, Dulcie GRAY in A MURDER IS ANNOUNCED. The newest whodunnit by Agatha Christie. "Re-enter Agatha Christie with another whodunnit hit. Agatha Christie is stalking the West End yet again with another of her fiendishly ingenious murder mysteries." Felix Barker, Evening News. AIR-CONDITIONED THEATRE.

VICTORIA PALACE. 828 4735-6. 834 1317. STRATFORD JOHNS, SHEILA HANCOCK in ANNIE. Evgs. 7.30. Mats. Wed. and Sat. 2.45.

WAREHOUSE. Donmar Theatre, Covent Garden. 836 6808. Royal Shakespeare Company. Ton't. 8.00. Peter Atkin's A AND R. "Dramatically highly charged . . . Pete Atkin's plans playing is as enjoyable as his dialogue." Times. All seats £1.50. Adv. bkgs. Aldwych. Student standby £1.

WHITEHALL. 01-930 6692-7765. Evgs. 8.30. Fri. and Sat. 6.45 and 9.00. Paul Raymond presents the Sensational Sex Revue of the Century DEEP THROAT. 6th GREAT MONTH.

WINDMILL THEATRE. CC. 01-437 6312. Twice Nightly 8.00 and 10.00. Sundays 6.00 and 8.00. PAUL RAYMOND presents RIP OFF. THE EROTIC EXPERIENCE OF THE MODERN ERA. "Takes to unprecedented limits what is permissible on our stage." Ev. News. 3rd GREAT YEAR.

WYNDHAM'S. 01-836 3028. Credit Card Bkgs. 836 1071 from 8.30 a.m. Mon.-Thur. 8.00. Fri. and Sat. 5.15 and 8.30. "ENORMOUSLY RICH. VERY FUNNY." Evening News. Mary O'Malley's smash-hit comedy ONCE A CATHOLIC. "Supreme comedy on sex and religion." Daily Telegraph. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

CINEMAS

ABC 1 & 2, Shaftesbury Ave. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: 2001: A SPACE ODYSSEY (U) 70mm film. Wk. & Sun.: 2.25, 7.55. Late show Fri. & Sat. 11.05. 2: THE ONE AND ONLY (A). Wk. & Sun.: 2.00, 5.15, 8.15. Late show Sat. 11.15.

CAMDEN PLAZA (opp. Camden Town Tube). 485 2443. Max Ophuls' greatest film LOLA MONTES (A). 4.20, 6.30, 8.50.

CLASSIC 1, 2, 3, 4, Oxford Street (opp. Tottenham Court Rd. Tube). 636 0310. Special Season of Film Entertainment for Children (and Adults). One price 50p. Mon.-Fri. 11 am. Doors 10.45 am. SEAL ISLAND (U). SAMMY'S SUPER T-SHIRT (U). U and A progs. Children half-price. 1. Walt Disney's HERBIE GOES TO MONTE CARLO (U). Progs. 1.30, 3.40, 5.55, 8.05. Late show EMMANUELLE 2 (X). 11 pm. 2. Doug McClure WARLORDS OF ATLANTIS (A). Progs. 1.10, 3.30, 5.55, 8.20. Late show TEXAS CHAIN SAW MASSACRE (X-GLC). 11 pm. 3. John Carpenter's DARK STAR (A). 2.15, 5.35, 9.00. ZARDOZ (X). 3.40, 7.05. Late show 11 pm. 4. THE LAST WALTZ (U). Progs. 1.20, 3.45, 6.10, 8.35. Late show 11 pm.

CURZON, Curzon Street, W.1. 499 3737. (Fully Air Conditioned.) DERSU UZALA (U) in 70 mm (English sub-titles). A film by AKIRA KUROSAWA. "MASTERPIECE." Times. "MASTERWORK." Observer. "MASTERPIECE." E. News. Film at 2, 5.45 and 8.30. Suns. 4 and 7.

LEICESTER SQUARE THEATRE (930 5252). Richard Burton, Roger Moore, Richard Harris, Hardy Kruger in THE WILD GEESE (AA). Sep. progs. Wks. 1.00, 4.30, 8.10. Sun. 3.30, 7.45. Late shows Fri. and Sat. 11.45 p.m. Seats may be booked in advance for 8.10 progs. Mon.-Fri. and all progs. Sat. and Sun. Excl. late-night shows.

ODEON, Haymarket (930 2738/2771.) MIDNIGHT EXPRESS (X). Sep. progs. Dly., doors open 2.00, 5.00, 8.00. Late show Fris. & Sats. doors open 11.15 p.m. All seats bkble.

ODEON, Leicester Square. (930 6111.) REVENGE OF THE PINK PANTHER (A). Sep. progs. Dly. Doors open 1.45, 4.30, 7.45. Late shows Thurs., Fri., Sat. Doors open 11.15 p.m. All seats bkble. at the Box Office or by Post, except Thurs. L.N.S.

ODEON, Marble Arch. W.2. (723 2011/2) CLOSE ENCOUNTERS OF THE THIRD KIND (A). Sep. progs. Dly. Doors open 1.05, 4.15, 7.45. Late show Fri. and Sat. Doors open 11.15 p.m. All seats bkble.

PRINCE CHARLES, Leic. Sq. 437 8181. MEL BROOKS' HIGH ANXIETY (A). Sep. Perfs. Dly. (inc. Sun.) 2.45, 6.15, 9.00. Late Show Fri. and Sat. 11.45. Seats Bkble. Lic'd. Bar.

STUDIO 1, Oxford Circus. 437 3300. Jill Clayburgh, Alan Bates in Paul Mazursky's AN UNMARRIED WOMAN (X). Progs. 1.15, 3.40, 6.05, 8.35. Late Show Sat. 10.50.

Cinema

Lola's endless fascination by GEOFF BROWN

Lola Montès (A) Camden Plaza
An Unmarried Woman (X) Warner West End, Studio Oxford Street
Midnight Express (X) Odeon Haymarket
James Scott films National Film Theatre

Lola Montès, the last film made by Max Ophuls in 1955, has not been seen here in public for many a long day. From the first moment when two chandeliers on the circus roof majestically descend on either side of the Cinemascope frame, it is clear that this is a revival to celebrate. For few films since then have displayed the same stylistic audacity, have encouraged the same sense of wonder in the audience. Its commercial run at the Camden Plaza prefaces a National Film Theatre season of Ophuls films throughout September: there could be no better, or more tantalising, introduction to his work.

The film has always been surrounded by controversy, like its subject—the 19th-century dancer who had some of Europe's best men at her feet, including Liszt and the King of Bavaria. On its original release in Britain and America, the commercial industry took their revenge on Ophuls' complex style and structure, preparing a version cut, dubbed and re-arranged almost beyond recognition. The result was called *Sins of Lola Montes*, which could be summed up in Steven H. Scheuer's *Movies on TV* as "Dull and foolish story of the famous dancer . . . Ustinov is amusing, but it's hardly worth it even to see him." Peter Ustinov plays the circus ring-master, coaxing the past out of his legendary star attraction in a series of tableaux and pantomimes which lead into the film's flashbacks). And Martine Carol's Lola, a "vampire with the eyes of an angel," has always come in for cruel words whether the film was shown complete (as here) or not: the American critic Manny Farber once described her as an "hourglass made out of stale golden cupcakes." Whatever that means, it is not complimentary.

Certainly one can imagine more alluring and magnetic performances, but she serves admirably as an enigmatically still point in a furiously turning world. For every shot of *Lola Montès* seems decked to the hilt with gaudy colour and movement. Figures are constantly scurrying—the minions of the circus, all shapes and sizes, who carry on and off the various props; the royal lackeys in the last flashback sequence calling for needle and thread to secure the front of Lola's dress. While the supporting cast are thus occupied, the leading characters and the camera tread a delicate path around a multitude of gauzes, pillars, iron grills, mirrors, winding stairways, theatre sets and draperies.

But all this movement and decor is not without its significance. It takes no thunderclap of inspiration to realise that the film's structure and style provide an analogy with the film-making process itself. Take away the circus paraphernalia, and the scenes of Lola preparing for the next stage in her presentation could easily become Martine Carol readying herself for action at the film studios. Ustinov's circus master needs only a megaphone in place of his riding whip to become the director, putting his star through the gruelling and debasing process of exposing her life to public view. Ophuls spent a lifetime in Germany, France and America decorating the material he was given with a baroque style which helped to shed a critical light on the characters' plights (particularly those of the women), and *Lola Montès* serves as the logical climax: a film where the lashings of spectacle almost become the subject-matter, providing something which is at once a celebration and a criticism of cinema itself. The colour in the present print is fuzzy at times, but there is nothing fuzzy about the film itself, which is masterly, magical and endlessly fascinating.

A woman is also at the centre of *An Unmarried Woman*, writer-director Paul Mazursky's latest exercise in cutely coloured drama. But the woman here is no legendary lover: she is Erica Benton, employed at Manhattan's Rowan Art Gallery with a Wall Street husband and a teenage daughter who seems even more intelligent than she is. Superficially, Mazursky may also seem to share Ophuls' fluid camera style, but the things Mazursky's camera picks up on its travels are so banal that the comparison is without value. Taking to an extreme the tendency he showed in *Next Stop, Greenwich Village*, Mazursky uses every opportunity to linger on the streets of his beloved city. The film begins with Erica (Jill Clayburgh) and her husband (Michael Murphy) jogging, and we return to the sidewalks at key points in the unfolding drama about Erica's traumatic reaction to his infidelity and their subsequent separation. The admission of infidelity itself takes place on a sidewalk at lunchtime, after which Erica begins the first of several dangerous treks, accompanied by a wailing saxophone on the soundtrack, her mind occupied with everything but traffic. She walks to and from her sessions with a risible therapist ("Turn off the guilt for a week"); she walks even more when she meets the painter Saul Kaplan (Alan Bates) and begins a liberating affair, steering a loving path through ice-cream vendors, dog excrement, skateboarders and performing steel bands.

These camera perambulations seem a dubious, inexact way of conveying the emotions of the moment, and certainly offer no support to a story which needs plenty of buttressing. The strongest point in the wall is Jill Clayburgh herself, who gives the wholehearted kind of performance one has come to expect from this fine actress. Michael Murphy, too, copes well with his ill-defined part. But others are not so lucky. Saul Kaplan, the abstract expressionist who supposedly received his introduction to the genre when a jar of pickled herrings was thrown at the wall in his Stepney home, is a fairly impossible character to bring off: humourlessly played by Alan Bates, he becomes completely impossible. Faced with a scene where Erica cements their relationship by painting in her address on the bottom right-hand corner of a sprawling canvas, one can only cringe with amused horror and recall Warner Brothers' romantic tosh of the '40s. The past, it seems, is inescapable: denizens of New Hollywood always seem to end up reprocessing Old Hollywood in slicker, brighter colours.

*

And now to British cinema. Alan Parker scored a pleasant success with his first feature, *Bugsy Malone*, two years ago, but his new film, *Midnight Express*, backfires totally. The source is the prison reminiscences of Billy Hayes—an American visitor to Turkey caught at Istambul airport in 1970 with some hashish taped round his chest, and subsequently left to linger in a dank fortress for four years—a sentence eventually extended to 30. It is a story to invoke hot anger and outrage, but Parker handles his material in so perverse a way that one's anger and outrage becomes directed at the film itself.

Parker has come to feature films from commercials, which provides the critic with an easy stick to beat him. In *Bugsy Malone* there was no need: the high-gloss photographic style suited the ingenious, fantastic notion of a cast of kids impersonating gangsters, Prohibition boozers and good-time gals. But the success of *Midnight Express* depends on being able to accept the actions as objectively real or subjectively real to Billy himself. The mind of Billy (played by Brad Davis) remains irritatingly unexplored: he is just one of the world's many unfortunates, a pawn in a game whose rules are beyond him. And the things we see are presented in exactly the same gilded fashion as the fantasy of *Bugsy Malone*: Billy is entombed in a Turkish prison where shafts of sunlight attractively pierce the dimmest recesses, showing up the water dripping plangently, the mould gathering nicely on the walls.

But this is not fantasy: the acts of violence are real, and the halo of prettiness surrounding them is despicable. And the script is as unthinking as the camera style. One of the film's worst moments is Billy's courtroom speech when his sentence is up for lengthy re-adjustment. One never suspected Billy of eloquence before, but fiery words pour from him in the worst Hollywood tradition, climaxing in a fervent denunciation of all Turks, beginning with the judge sitting opposite: "You're a pig," he says simply—"you're all pigs!" And Parker has shown us nothing to prove that he thinks any differently.

Faced with the mindless spectacle of *Midnight Express*, it's especially pleasant to welcome the National Film Theatre's brief season in its new "British Independent Film Maker's" slot, devoted to the films of James Scott—for Scott's work has always been concerned with the varied and ambiguous ways of conveying specific information through the screen image. He first made his mark in the late '60s with a group of art documentaries which cut straight against the accepted style as promoted by the Arts Council (though their output is now much livelier). Then, films on artists seems to consist of one masterpiece dissolving into another, accompanied by dignified commentary, classical sounds and an unseen aura of immense sanctity. Scott's films on David Hockney (*Love's Presentation*), Richard Hamilton and Claes Oldenberg (*The Great Ice Cream Robbery*) removed the aura, showed us in detail the technical processes involved in producing etchings, or the influences and components which make up a "pop" artist.

The art films have sadly been and gone: it is also too late to see Scott's first feature *Adult Fun* (1972), which takes place in a stylistic no man's land, shifting uneasily but fascinatingly between the dingy urban thriller, outright fantasy and documentary interviews. The adult fun involves industrial espionage, with a dislocated hero hired (in a suburban room with fulsome wallpaper) to dispose of a business man who pads around in white shoes. The film was generally given a cold shoulder when it first emerged, but ex-deserves extended public exposure, particularly as urban and industrial malaise has only worsened in the intervening six years; its perilous balancing act between various styles makes for worrying, engrossing viewing. And the film can only gain by being seen in the context of *Night Cleaners* showing on August 21, made between 1970 and 1975 by the Berwick Street Collective, Scott included. From the "contract cleaners" of *Adult Fun* to night cleaners working in office blocks isn't such a big jump: both worlds involve managerial double-dealings hidden away behind anonymous, familiar buildings. And Scott's increased political concern has only heightened his insistence on clarifying the methods used to present his findings on the screen. Other items in the season are *Coilin and Platonida* (August 14), a feature shot with non-professionals in Ireland, and the first showing of the *Night Cleaners* sequel, *'36 to '77* (August 22). Stimulating British independent cinema does not reach the cinema all that often: when it does, it deserves every support.

Jill Clayburgh and Michael Murphy in 'An Unmarried Woman'

Strauss in Munich by RONALD CRICHTON

Strauss is still much honoured in his native city. The Munich *Rosenkavalier*, mounted at the Nationaltheater for the Olympic Games year, remains in glowing condition. Otto Schenk's production is traditional, sensibly and sensitively so, mingling the strands of life in Maria-Theresian Vienna with loving, unobtrusive expertise. In the face of so much enjoyment one quietly forgets all the times in other opera houses when *Rosenkavalier* has seemed either a monster of calculated culinarity or a tired war-horse waiting for gradual oblivion. The settings and costumes of the versatile Jürgen Rose have the virtues of the production. The mixture is fired by the conducting of Carlos Kleiber, embracing every shade of intensity from the most delicate to the rampageous, and by the shimmering, voluptuous playing of the Bavarian State Orchestra.

With a cast as good as one could find today the programme book (in Munich these are edited with a flair and knowledge that make well-meant efforts elsewhere seem amateurish) could afford to print Strauss's own observations about the characters without danger of their seeming over-optimistic. Writing in retrospect in 1945 the composer described the Marschallin as "a young, beautiful woman of at most 32" (which makes her even so nearly twice Octavian's age); and Ochs as "a country Don Juan, a handsome man of about 35, an aristocrat even if his manners are rustic."

The Marschallin of Gwyneth Jones is young, lovely, elegant in bearing, a definite, recognisable individual. It is the definition that sets this performance apart. Only Catherine Wilson's rougher-edged but equally individual characterisation for Scottish Opera has come near this in recent seasons. Miss Jones's voice is not limpid but the colour is expressive. One single note in the evening splayed in the old way, but there was a mannerism of clipping short notes shorter.

Brigitte Fassbaender's Octavian, the voice showing only passing signs of the strain of singing major rôles (the first was Sesto in Mozart's *Titus*) on two successive evenings, was an exemplary, fully-rounded performance.

Hans Sotin's Ochs, beautifully sung, perfectly fulfils Strauss's demands. Curiously enough, played like this without buffoonery, the character becomes much more formidable. The Sophie was Lucia Popp, incredibly youthful-looking, floating her high notes as surely as ever. Father Faninal was played by the experienced Benno Kusche—maximum effect with minimum apparent effort.

There was a galaxy of experienced stars two nights later in *Elektra*. Difficult to say which was the louder, the applause at the end or the combined efforts of Sawallisch, the State Orchestra and the three illustrious female principals—Nilsson as Elektra, Rysanek as Chrysothemis, Varnay as Clytemnestra. Nilsson's famous performance hardly changes. Some of the vocal suppleness may have gone: little if anything of the power. On this occasion the cries of recognition had a tenderness that has not always been there. Rysanek's tone was cloudy until near the end, where the high tones rang out full and clear. Varnay's voice has little weight now though an occasional note still shows the well-remembered copper gleam. Yet as a demonstration of operatic acting on the grand scale her Clytemnestra remains an eyeful.

With respect to the three eminent ladies it was the men who sprung the surprises—Fritz Uhl's turkey-cock of an Aegistheus strutting absurdly to slaughter, Theo Adam's deeply impressive Orestes, fearsomely haunted, obsessively yet half-unwillingly acting out his destiny. The tension of this performance was at once reflected by the conductor. Up to the point of Orestes' entrance, Sawallisch had given a muscular, exciting but not subtle reading. Now the music took on hues strange, poetic and prophetic. That day the flag over the Nationaltheater flew at half-mast for the former Intendant, Günther Rennert, who had died unexpectedly at Salzburg. Rennert, who will be remembered in this country among other things for his work at Glyndebourne, was one of the most gifted, influential and productive of post-war opera directors.

A refreshing interlude in this operatic orgy was a piano recital given on a Sunday morning by Sviatoslav Richter, in place of a Lieder programme with Fischer-Dieskau abandoned because of the singer's indisposition. Richter began with Schubert's posthumous A major Sonata, keeping the first and second movements to a dynamic level dangerously small for the Nationaltheatre—like a glass-harmonica heard in the distance. Yet complete lucidity of pianism and thought gradually took possession of one's senses. Some of Schumann's *Fantasiestücke*, rather hard driven, proved less suitable for the sweltering heat, but after the interval there was marvellous Debussy: a *Suite bergamasque* given with the same scrupulous care and crystal delicacy of shading that Richter then lavished on the *Estampes* and on one of the most diaphonous Preludes.

Albert Hall/Radio 3

Cosi fan tutte by MAX LOPPERT

The annual Glyndebourne visits to the Proms are adding new meanings to the idea of concert opera. Wednesday's *Cosi*, given by the cast and conductor of this year's new Peter Hall production, was sung from a narrow dais raised above the orchestra, with singers and chorus in evening dress visible when resting as well as when performing. And yet it was staged with a definition of movement and timing that can hardly have failed to make theatrically vivid for the huge Albert Hall audience every curve and corner of Mozart's serene and mysterious comedy.

Two benches supplied the full amount of stage furniture. Important props were wittily suggested: Ferrando and Guglielmo exchanged their black dinner jackets for Sempronio's and Tizio's white, with significant use of button-hole decoration; Despina's doctor and notary disguises were economically managed. The result was an account of the opera so strong on the interplay of character, on the essentials of the plot and its unfolding, as almost to amount to a *Cosi* renewal rather than merely a *Cosi* concert performance.

What could not be explained, to anyone in the audience who had not seen the show at Glyndebourne this year, were the specially striking features of the Peter Hall production. But the powerful and precise feeling for characterization as evidenced in each contribution, and the easy dramatic naturalness of such things as the playing and speaking of recitative, were just two tokens of Mozartian ensemble playing at its most cohesive. It was possible to imagine superior singing of some of the roles: Nan Christie's Despina was slightly shallow, Patricia Parker's Dorabella was voiced in loose, spread tones, and Max-Rene Cosotti's Ferrando, though engagingly Italian in dramatic accents and warmly communicative at all times, lacked the steady long line for his first aria.

On the other hand, Fiordiligi, Alfonso, and Guglielmo would grace any reading with its hooded quality and hint of controlled edge. Bozena Betley's very individual instrument was, once it began to flow, a Fiordiligi voice of uncommon accuracy, with scales, gruppetti, and triplets immaculately in place, and with the sense of the character's growing uncertainty carried upon them. For undemonstrative polish, and keenness of understanding, Stafford Dean's Alfonso could hardly be bettered. Hakan Hagegard, a subtly understated Guglielmo, delivered the elaborate alternate first aria, Rivolgete a lui lo sguardo," with great address—on the whole, its substitution for "Non siate ritrosi" seemed a mistake.

The linch-pin of the evening was the robust and muscular conducting of Bernard Haitink. The concerted numbers were shaped, by the singers and by the London Philharmonic Orchestra, with an almost Beethovenian combination of fire and solidarity, of urgency and largeness of scale—one felt that Beethoven might well have moderated his distaste for the opera if he had heard this reading of it. The orchestral detail was at once an illumination and a delight—such things as the upward brass fanfares in "Una bella serenata," though they came near to obscuring the trio of men's voices, made a wholly new kind of sense. If elsewhere there seemed to be missing the brimming sensuousness of texture that less vigorous *Cosi* conductors can sometimes convey, the size of the hall was probably at least partly responsible. The happiness of the whole occasion was spoiled only by the consideration that, concurrently with the concert, Glyndebourne's *Don Giovanni* was going out on television—what a thoughtless bit of ITV planning!

Mark McManus

Leonard Burt

Cottesloe

The Passion by B. A. YOUNG

The National Theatre's version of the York Mystery Plays returns to the Cottesloe until September 2 as part of the "promenade season," in which the seats are removed and the audience invited to share the floor with the company or to find accommodation, standing or seated, in the surrounding balconies. I have now seen it three times and find it more moving each time.

The text used is edited from a dozen of the original 48 medieval plays by Tony Harrison, who has retained the sparkling alliteration and the northern dialect but produced a verse easy to follow without sounding modern.

Yellow lights in pierced oil-drums (design by William Dudley) suggest the oil lamps of long ago, but the people in the play are people of our own time—miners, builders, meat-porters, busmen, a police officer who later turns up as Pontius Pilate. You do not know until the music starts who are the players and who are the audience. When the Albion Band begins its music, music that sounds like pop music imagined by Thomas Hardy, the players are those who clap and sing most readily.

The plays span the events between Jesus's birth (only lightly touched on) to his crucifixion. They are done very simply: only twice are any significant props brought on—a length of blue material to signify the water in which Jesus is baptised, and the great 20-ft cross on which he ends his earthly life. For the rest, scenes break out here and there, either among the audience or in the balconies, where the familiar stories are acted: blind Bartimeus, the Last Supper, the betrayal by Judas the agony in the garden (hard to see among the crowd) Peter's denial, and so on, up to the crucifixion itself, with Mark McManus hanging on the cross for a quarter of an hour, a mauvais quart d'heure for him indeed, I should think.

Some episodes are played seriously and respectfully, and in some the rustic humour of the mediaeval poets is given rein. Pilate is married to a wife who is always leading him off to bed when he ought to be working. There is a lot of by-play about the workmanship of the men who actually carry out the crucifixion; doubtless this play was given by a guild of carpenters who could see the difficulty of getting a loaded cross like that to stand upright in the ground.

There is a god deal of music, some of it modern, some of it taken from old songs, none of it, I am glad to say, reminding me even remotely of *Godspell*. The personnel of the cast will vary from one performance to another, but you will always have Mark McManus, Brian Glover as a comic Cayphas in a bishop's mitre, Dave King as Pilate, Fulton Mackay as Peter.

Some small children near me were taken out halfway through. They had not been paying much attention, but they seemed to be enjoying themselves, and the sight of very young people in the crowd adds a touching element of truth. If Jesus were to be crucified in Hyde Park next week, you can be sure there would be small children among the crowd, and people carrying newspapers and umbrellas, as there are at the Cottesloe. On the other hand, small children (of whom a fair number remained) may often find it hard to see what's happening, and it is worth while chasing them around the floor between people's legs so that they can always get a view.

St. John's Smith Square

Cathy Berberian

Wednesday's instalment of Musicarmenia raised none of the scholarly questions which bemused Nicholas Kenyon after an earlier programme: Miss Berberian is not one to let a scholarly question get anywhere near the platform. In fact her programme was slightly less Armenian than the audience; she cast her net over a thousand miles or so, taking in folk songs in a great variety of versions, united only by her affection for them. She even persuaded her excellent accompanist, Harold Lester, to sing a traditional Yiddish song—rather affectingly—before she presented it in Ravel's pungent transcription as "L'énigme éternelle."

Some of her Armenian songs were indeed the results of scholarly delving; the Edwardian underpinnings of others sounded homelier. She sang them all with her customary flair, with the graceful oriental melismata making engaging echoes of the "un-vocal" figurations in the contemporary repertoire in which she is famous. Her pressurised chest-voice was chiefly reserved for Slavic songs—not of course the arrangements by Beethoven and Rimsky, which she delivered with careful tact, but some earthier Bulgarian numbers and also a fragment of Stravinsky's "Pribaoutki." In this company, two of Bartok's folk-song arrangements sounded alien and stark, not quite on Miss Berberian's communicative wavelength. Everything else benefited from her extrovert enthusiasm—folk songs don't suffer by being made firmly into live music, and the pleasure she took in them was infectious.

In the ordinary run of things the accompanist of such a recital has an unrewarding task, but Mr. Lester's time was not wasted. Besides his vocal solo, he had a prominent role in a song by Alan Hovhaness, recreating the shimmering sound of some cembalom-like American instrument, and throughout the recital he matched Miss Berberian's own freedom and verve at his piano. Not many contemporary specialists, one suspects, could let their hair down to such lively effect. (His performance some time ago of Berio's *Recital*, with Miss Berberian, might have given one the clue.) Neither artist gave the least hint of patronising the material; for that, too, gratitude is due.

DAVID MURRAY

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A new man in Lisbon

PORTUGAL'S NEW Prime Minister, Sr. Alfredo Nobre da Costa, faces a number of extremely hard tasks. His first and most immediate priority is to put together a Government that will be able to command support in a Portuguese Parliament in which parties and their leaders never seem able to see eye to eye for very long. As the last Socialist-Christian Democrat coalition fell apart largely as a result of disagreements over Ministerial appointments, and many hours of subsequent negotiations failed to solve the problem, Sr. da Costa will clearly have to tread with caution.

Elections

If Sr. da Costa fails to establish a viable administration, there will be a renewed threat of early elections, which virtually no one in Lisbon wants. Elections must in any case be held in October 1980. Additional elections in, say, January 1979, would only serve to prolong the political uncertainty of which Portugal has had far too much in recent years. All those who would like to see political stability in the country must be hoping that Sr. da Costa will be able to form a solid enough Government to last through to the 1980 elections. The only alternative would be a return to the Socialist-Christian Democrat formula under Dr. Mario Soares, the outgoing Prime Minister. But that would assume that the two parties showed greater determination to solve their differences than they have so far.

In addition to political manoeuvring, Sr. da Costa will have pressing economic problems to cope with. The outgoing coalition has been reasonably successful in introducing an austerity programme, but the country remains faced with massive balance of payments, inflation and unemployment problems. It remains heavily dependent on foreign borrowing and, therefore, foreign confidence in its ability to manage its affairs. Members of the Socialist-Christian Democrat coalition had been suggesting just before their final rupture that next year would have to be the year for a real attack on the economy, assuming, perhaps unwisely, that this year would have seen the resolution of the country's immediate political problems.

Foreign confidence is not only essential if Portugal is to continue to attract the international finance it desperately requires. There is an equal need for the country to establish that its new democracy is firmly based in the run-up to its negotiations for EEC entry. In this respect, Dr. Soares has done a good job over the past two years. But with no single party assured of anything like an overall majority, and the Army and the Moscow-backed Communist party ever-present in the wings, political crisis has never been far away. Portugal's northern neighbours will be watching closely to see how far the relatively unknown Sr. da Costa justifies his reputation as a man of action by coming to grips with the problems that faced Dr. Soares, and taking firm decisions.

Early indications are that while Sr. da Costa may have broad Parliamentary backing, his appointment is likely to prove more popular with the Right than with the Left. A former Minister for Industry, he has long experience of commercial and corporate affairs and is likely to have the confidence of the business community both inside and outside Portugal. As a Presidential appointee, he can be assumed to enjoy the strong support of President Eanes, who has moved progressively closer to the centre of the political stage as the parties and their leaders have shown themselves incapable of solving their disputes.

Revolutionary

Sr. da Costa's business links will not endear him to the Communists, who already have unhappy memories of his time at the Ministry of Industry. As a Minister, he worked to rescue industry from worker occupation and bring the unions back into line after a period of excessive revolutionary enthusiasm. The Socialists may not be happy with the choice—Dr. Soares in any case still thinks he should be Prime Minister himself—but they should be relieved that President Eanes has not appointed a military man. It must now be hoped that Sr. da Costa can demonstrate that the President has made the right choice.

Disruption at the P.O.

THE PROCEDURAL wrangle which has prevented representatives of the Post Office and the Post Office Engineering Union from meeting to discuss Lord McCarthy's proposals for resolving the long drawn out dispute over the engineers' claim for a shorter working week—and which has meant a further week of progressive deterioration in telephone and mail services to the considerable cost and inconvenience of business and the public—appears at last to have been cleared out of the way. The fact that talks are to be held without prejudice to either side's point of view does not necessarily mean that we can now expect a rapid settlement. The two parties have both said they see in the McCarthy proposals—which remain unpublished—a basis for agreement but there is probably a good deal of hard bargaining still to be done.

It seems remarkable that the dispute has been allowed to go on for so long. The engineers began their action, initially by refusing to instal and commission new exchange equipment, as far back as October last year. Yet it was only at the beginning of June, shortly before the union increased the pressure by banning overtime and calling for a work-to-rule campaign, that Mr. Eric Varley—who as Industry Secretary is the sponsoring Minister for the Post Office—called in Lord McCarthy to assume the role of mediator.

The union's choice of tactics may have meant that there would be only a slow and at first barely perceptible build up of disruption to telecommunications and postal services. But it was apparent from the outset, when the union conference in June last year overruled the POEU executive and called for industrial action from the following October, and again in January this year when another conference tied the executive's hands further, that the union leadership might face increasing difficulty in controlling its members the longer the dispute remained unresolved.

In this, as in other disputes, it is not easy for observers to gauge the relative weight of the factors that appear to have made the rank and file members of a union so determined on a course of action. One factor clearly is the fear of jobs disappearing within the Post Office as well as in the supply industry when the new generation of all-electronic exchange equipment begins to come in in the 1980's. But the POEU's case is not wholly based upon concern over the implications of new technology. It is also for comparability with clerks and other PO telecommunications workers who already work a 36 or 37-hour week, and recognition for the members' contribution to productivity over the past 10 to 15 years.

No employer can guarantee jobs permanently, nor can anyone pretend that technological changes will not alter the nature of the work that will be needed. But both the Post Office chairman and the telecommunications managing director have offered the firm prospect of no redundancies for at least a considerable number of years ahead.

No reason

At the same time, the engineers have to accept that the benefits of increased productivity, especially in capital intensive industries like the PO telecommunications business, have to be shared with the users of the service if indeed not also with those who provide the capital, in this case the taxpayers. The Government has insisted throughout that reductions in the working week have to be self-financing through some off-setting productivity arrangement and that any net additional cost will have to count against the guidelines on pay increases. The McCarthy proposals, which envisage a phased approach to a 37½-hour week, are understood to have been drawn up within this framework. Given a willingness to compromise on both sides, there seems no reason why the two sides should not be able to arrive at a satisfactory accommodation.

Peugeot at the top

BY TERRY DODSWORTH, Motor Industry Correspondent

"WE WERE number one in Europe this morning. If this deal comes off we shall be swamped." This is how Ford, the company which has spent more time and money than any other developing a European framework of operation, reacted to the news of the proposed takeover of Chrysler's European interests by Peugeot-Citroen. The U.S. company will be eclipsed by the new combine, and not just to a minor degree. On today's figures, Peugeot-Citroen's share of the European car market will emerge a good 5 per cent ahead of anyone else—and that is about the size of BL's total sales in the region.

The dimensions of the agreement are difficult to take in because it dislocates the basic pattern which has existed in the industry since the emergence of Chrysler in Europe about 20 years ago. Since then, the most significant structural development was the merger of Peugeot and Citroen about two years ago to create a second force in the French industry (alongside Renault) capable of standing up to the other European majors. Now the French group is proposing to take a great step ahead of its rivals with the creation of a new pan-European manufacturing organisation of a type that only Ford can match at present.

Until now, the leading European companies have been bunched in a very tight pack. There are six groups in serious contention for market leadership led, after the first five months of this year, by Ford of Europe with a 13.2 per cent share, closely followed by Renault at 12.7 per cent. The preliminary figures indicate that there are then three companies—the Volkswagen Group, Fiat/Seat and Peugeot-Citroen—virtually neck and neck with shares between 11.5 and 11.8 per cent of the market. General Motors, manufacturing Opel and Vauxhall cars, makes the sixth member of the top group with 10.7 per cent.

All of these operations are financially sound, taking an expanding role in the world industry and competing vigorously for any advantage possible in Europe. But the two outstandingly expansionist companies in terms of creating new capacity in the last few years have been Ford and Renault. Both went ahead during the oil crisis with new plants, despite fears of overcapacity in the European industry, and have been proved right in terms of improving their own positions. With the European market heading towards about 10m units this year, both companies have had a little extra capacity to soak up sales in the last two years when many companies—for example, Opel in Germany—have been short of vehicles.

The analysts who have argued aagінst the creation of more capacity, such as Ford's new 420,000 units a year plant in Spain, were right, however, in one respect. The European region went into the oil crisis with a usable capacity of 12m to 13m units a year, more than enough, theoretically, to service its needs. What Ford and Renault have effectively argued is that much of this capacity was wrongly organised and ineffective. So as they expanded they have made the marginal companies in Europe look even more marginal.

These sick companies have all, in one way or another, been very clearly identified in the past four years. Chrysler and British Leyland were forced to go to the UK Government for assistance, Alfa Romeo in Italy has been in a similar position and made even more catastrophic losses, while Volvo and Saab-Scania tottered briefly towards an abortive union. The problems of these have been exacerbated by the expansion of the Japanese companies in Europe.

It was clear that something would have to give, and it was predictable that it would be Chrysler. For the last six months, all the evidence has been pointing to the fact that the UK Government's rescue programme for the British interests of the group, flung together at the eleventh hour in the slightly hysterical political climate of late 1975, was going badly wrong. The company had never managed to come anywhere near its profits forecasts, its product line was not taking on a new sparkle, and it was running increasingly into the old, familiar labour troubles at its Scottish plant at Linwood.

Chrysler Corporation, the American parent, has also been in no position to retain a heavy loss-maker on its hands. It had losses building up in the UK, the Spanish operations were barely profitable, and investment was required in all its European plants, including the more profitable Simca business in France.

The solution to these problems, however, is extremely surprising, since it smashes a commonly held assumption about the European motor industry: that there would probably be no more major cross-frontier mergers in the European motor industry. This is an argument which the big companies had come to accept only reluctantly. But following abortive talks between Fiat and Citroen a few years ago, and the essentially nationalistic solutions to the problems which have overtaken British Leyland in the UK, Citroen in France and Alfa Romeo in Italy, it seemed the only logical interpretation of events.

If Peugeot-Citroen succeeds in pulling off this agreement—and there is a great deal of negotiating still to be done—it is clearly going to be presented with a major organisational task to pull all the separate interests together. The key question in the deal is, indeed, whether it can carry through the essential rationalisation job on Chrysler's European interests, while keeping one very rocky production base (Chrysler's UK interests) on course, and improving the performance of the marginal Spanish operation.

Peugeot-Citroen said yesterday that it intends to keep all three marque names alive and to maintain distribution networks. Chrysler Corporation is also retaining an interest in the management until 1980. This approach mirrors the cautious, step-by-step mode of operation which Peugeot used in its takeover of Citroen. There it put in a new Peugeot-bred chairman, a new Peugeot finance director and about 16 key personnel and let them get on with it. The whole emphasis has been on the better utilisation of the assets already present in the group, and Citroen has merged from this spell to make profits again, pay back its Government loan and overtake Peugeot in the European sales league.

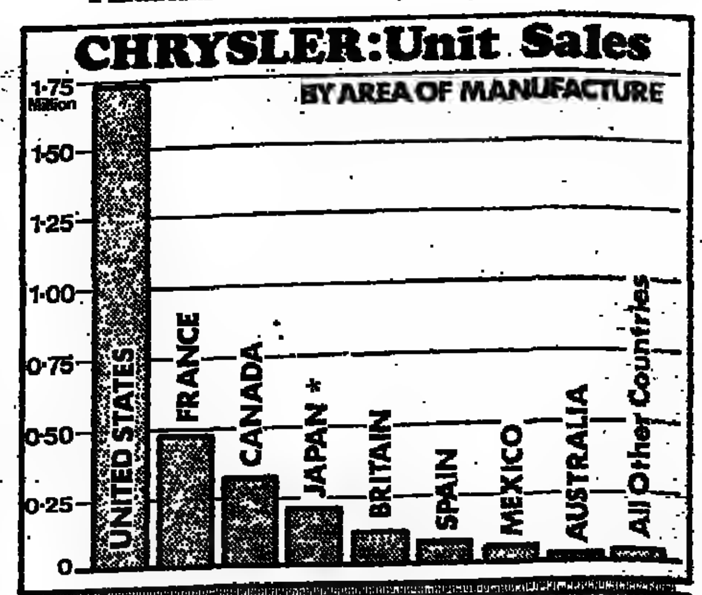
Chrysler Europe, however, presents rather different problems. It is a more ramshackle organisation than Citroen with an obvious need for significant investment in its UK and Spanish operations. The question is whether these businesses can be pulled round without any significant pruning — it seems clear, for example, that the Linwood plant in the UK has become relatively isolated under Chrysler's management and could be easily lopped off.

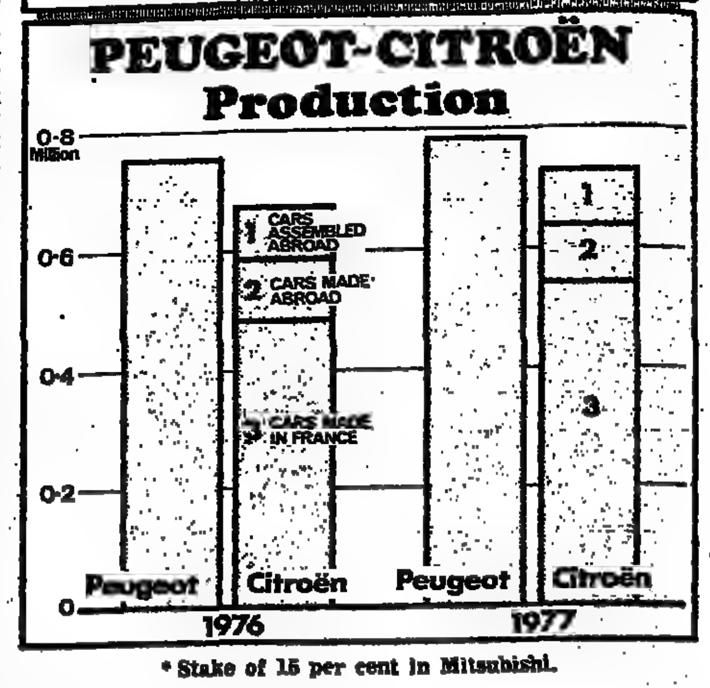
As the group stands, it will have a vast and conflicting range of cars and components to reorganise into a rational structure. One estimate puts the number of separate engines being used in the group at 14, whereas Ford has slimmed its range to four. In the middle sector of the group's car range there will be four very similar models—the Citroen GS, the Chrysler Alpine and Horizon and the Peugeot 305. By contrast, Ford and GM both have four basic models. In addition, the inherited production facilities are not located in an ideal relationship of size to geography: in Spain, for example, both Citroen and Chrysler have modestly sized production facilities, while the UK plants are too small, according to modern thinking, to operate at maximum efficiency.

In theory, however, the new group would make sense in terms of the scale economies which could be achieved. With a joint production potential of about 2.2m cars and trucks, it will emerge as the sixth largest motor company in the world, after GM, Ford, Chrysler, Toyota and Nissan.

The deal will also add a new element of complexity to the already elaborate web of interconnecting interests which have been developed in the last decade. Peugeot-Citroen, for example, has several component manufacturing links with Renault in France, and recently announced a joint van manufacturing agreement with Fiat. Fiat itself moved only a week ago towards tighter links with its Spanish associate, Seat.

A real and tangible European dimension is now beginning to emerge in the motor industry.





* Stake of 15 per cent in Mitsubishi.

Chrysler's fight to survive

BY JOHN WYLES in New York

WHILE stunning because it is so comprehensive, Chrysler's decision to hive off its European operations comes as no great surprise to those who for many months have been trying to work out just how the company is going to finance its first and overriding priority: survival in the domestic U.S. car and truck market.

On most reckonings Chrysler's position was desperate, not merely because of its string of losses (deficits in 1974 and 1975 followed by profits of $423m and $163m in the subsequent two years, and a loss of more than $100m expected this year) but because of the capital investment also needed for it to remain a significant force in the U.S. motor industry.

The repetitive litany of the past six months has been that the company, on its own estimates, has to spend $7.5bn by 1983 on developing new models and modernising much outdated plant and equipment. This rate of investment is more than double that of recent years and has been forced on all of Detroit by legislation which demands that the major domestic car producers raise the fuel economy of their cars year by year until their fleet average consumption is 27.5 miles to the gallon in 1985. Given that the fleet average is 18 mpg this year, the task is an enormous one, requiring new standards of design and engineering from a company whose financial resources are exceedingly pinched in comparison with its two very much larger and more prosperous rivals, General Motors and Ford.

The cost of failure could be extinction, since in this decade Chrysler has seen its share of the market for domestically produced cars slump from more than 16 per cent to around 12 per cent. The company has neither been able to produce sufficient winning new designs to maintain its position, nor to retain its traditional reputation for engineering excellence. Unless the decline is reversed Chrysler could conceivably join American Motors as a company struggling for survival.

Having examined its prospects, most of the industry's analysts have concluded that Chrysler's cash shortage, that is the difference between what it needs to spend and what it will be able to raise, would be around $1.5bn by 1980-81.

Chrysler has raised $250m through a preferred stock issue this year and was given some credit for ingenuity last month when it reached agreement with 23 banks to sell half of its retail receivables up to $615m on a non-recourse basis. That will enable its subsidiary, Chrysler Financial, to withdraw from the bond market for two years so as to allow the parent company a free run at raising new debt.

Some found little prospect of operating profits in the U.S. before 1982 and clearly felt that the basic problem confronting the company was how to solve this dire shortage of capital.

"This deal will make the future easier, but there are still going to be long periods of terrible results," Mr. David Healy, an auto industry analyst with Drexel Burnham Lambert, said in New York today. His counterpart at Loeb Rhoades Hornblower, Mr. Peter Zaglio, argued that among other things Chrysler was acknowledging that it could no longer sufficiently finance its collection of somewhat indifferent European companies in order to ensure their survival in a highly competitive market. It is being pointed out in New York that Chrysler should be given credit for obtaining in one deal the possible equivalent of around 12 years of its European companies' earnings, while at the same time divesting itself of around $400m of debt which they are carrying.

But Chrysler's retreat to the U.S. is by no means over. It started earlier this year when its Turkish subsidiary was sold to local interests and is continuing in Australia, where Chrysler is trying to sell a stake in its local company to Mitsubishi, and in Brazil where it says it is discussing participation with some prospective partners.

Contributions from overseas operations have been erratic: they fell to $16m in the first half of this year, compared with $28.8m last year, and within Chrysler there has been a strong lobby favouring withdrawal from overseas since the retirement of Mr. Lynn Townsend from the chairmanship in mid-1975. The European operations in particular have been bitterly referred to as "Townsend's legacy," whose origins lay in the former chairman's desire during the 1960s for an international business rivalling Ford and General Motors. "Unfortunately for Chrysler the only companies he could pick up were the ones which nobody else particularly wanted," one New York analyst said, citing Simca in France as the only exception.

MEN AND MATTERS

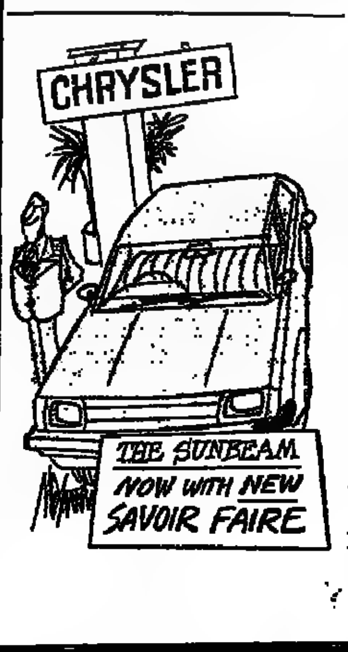
Steel bosses barging about

British Steel does not smile much any more, but it permitted itself a baring of the teeth this week when it moved out of the uphill struggle of selling steel and sold a boat to Italy instead.

No doubt it courts the wrath of its fellow nationalised industry, British Shipbuilders, by doing so. BSC does not care. So bucked is it that fears are being raised that it will turn itself into a marketing operation, wasting its assets by selling steel mills to the Germans, blast furnaces to the Indians and its headquarters building—nice position, next to Buckingham Palace—to the Arabs.

The cause of the unaccustomed joy comes in the unlikely form of a vessel known as a pile-driving barge, which BSC bought about two years ago to drive piles at its Hunterston ore terminal on Clydeside, at a cost of £2.8m. Having driven all the piles worth driving, BSC put the sturdy ship on the market, where it was snapped up by the Italian construction company of SAIPEM, which will use it to drive more piles in Abu Dhabi. SAIPEM paid around £2.2m for the vessel.

Here comes the cunning part. If BSC had done the conventional thing, it *would* have hired a barge which *would* have cost £3.15m for the 630 days it was in use. So the corporation is now boasting that instead of making a "loss" of around £600,000 it made a "profit" of £2.55m.



Legal angst

Do judges often err? Tomorrow on Radio 4, a panel of luminaries from the Bench will be talking about their work, and an unusually frank—not to say endearing—admission is made by Judge James Miskin, the Recorder of London, about one man he had sentenced: "I couldn't get out of my mind the worry that what I had done was wrong and that worry lasted 48 hours, and so I had the accused back and reversed that which I had done. When I did it I was unable precisely to see where I had gone wrong or why I was correcting it, but it seemed to me that a long-term residual worry was enough."

Hard to swallow

A brief moment of flurry and wild surmise has been provoked in the Bank of England this week by a slip of the typewriter in the International Centre for Monetary and Banking Studies in Geneva. The centre put out a provisional programme for a conference to be held next month on exchange rate surveillance and European currency union. Very much a matter for the experts, and one of the proposed speakers was listed as Christopher W. McMahon of merchant bankers Guinness Mahon. But "Kit" McMahon is, of course, executive director of the Bank of England.

When I asked the Bank whether the centre's list of speakers contained advance news of a startling change of job, the reply was: "Goodness gracious, no!" The Bank has, it seems, telephoned Geneva to set the record straight. McMahon is on holiday, but I learn that he will not be speaking at the conference anyway. Perhaps in Switzerland, McMahon and Mahon do not sound so far apart. At the risk of rubbing salt in the wound, it might be mentioned that Guinness was also spelt with one "n." My goodness.

Banking spree

Bank Melli—the august Iranian bank which houses in its basement the crown jewels of the Peacock Throne—is to celebrate its 50th anniversary next month with all pomp and circumstance. Food (if such a simple word is appropriate) will not be in short supply as everyone who is anyone in Tehran's official financial community hosts lunches and dinners ad nauseam for everyone who is anyone in international banking and finance.

The three-day celebrations in Tehran will be followed by trips elsewhere in Iran. It seems that guests can name where they want to go, but that Isfahan, Persepolis and Shiraz are on the preliminary list. "We hope it won't be too exhausting for everyone," a Bank Melli official said yesterday, "but we do want everyone to be assured of an exciting and interesting occasion."

Unfortunately, the occasion will be short of top central bankers since it coincides with their monthly date at the Bank for International Settlements in Basle. Duties in Basle will apparently keep Gordon Richardson, head of the Bank of England, away while Dr. Otmar Emminger's acceptance of his Bank Melli invitation had to be rescinded when his secretary noticed he had the prior engagement.

Bank Melli has a long association with the Pahlavi dynasty—it was set up as Iran's central bank soon after the current Shah's father assumed the throne. It gave up this role to Bank Markazi in 1960 but as guardian of the crown jewels, the association continues. Whether the Shah will attend any of the celebrations in person is at this stage, however, being kept under the most secure of wraps.

Dying breed

It is a sign of the changing times that in the City—and perhaps a change in the fortunes of those who work in it—that the last gunshop has shut. Time was when there were four or five places where sporting brokers and bankers could look in to fondle a 12-bore or buy a box of cartridges for the weekend. But the City Sportsman, the last survivor, nestling under the Royal Exchange, has closed its doors at the end of its lease.

The shop was jointly owned with the venerable Malloch's of Perth. When I telephoned there I was told that the gun business in London has been declining for years. With just a hint of Gaelic superiority, and the grouse moors only a potshot away, the voice at the far end of the line said: "Ye canna shoot the pigeons in Trafalgar Square, can ye?"

Mystery man

A reader went into a City bookshop this week and asked to order a copy of "Pitt's Orations on the War with France." The assistant started writing down the particulars, then demanded: "Who wrote it?"

Observer

The limits to Tory industrial policy

BY JOHN ELLIOTT, Industrial Editor

[O]F ALL the major policy areas [w]here the Conservative Party [h]as promised a sharp change of [d]irection were it to win the next [G]eneral Election, the question [of] State intervention in the [p]rivate sector of industry is one [of] the least well developed in [d]etail.

This is so partly because [se]nior Tory leaders like Sir [K]eith Joseph, who is chief [in]dustry spokesman as well as [be]ing the party's general policy [ov]erlord, often say that they do [n]ot need a detailed industrial [p]olicy. They believe, as they [sa]id in their policy document, "The Right Approach to the [E]conomy," last autumn, that [th]eir broad economic approach [w]ill give industry all the [st]imulus and aid it needs. Called [a]n "enterprise package," it [w]ould "create conditions which [en]courage rising productivity, [su]bstantial added value, and [in]novation."

The literally-minded might [th]erefore assume that the next [C]onservative Industry Minister [w]ould immediately wind up the [N]ational Enterprise Board and [ca]ncel the existing myriad of [in]dustrial aid schemes. He [w]ould dismantle the sector [w]orking party substructure of [L]abour's industrial strategy, [gi]ve his Department's planning [di]scussions with individual com[pa]nies a low priority, and gener[al]ly let all but the most [po]litically embarrassing in[du]strial "lame ducks" close [do]wn. In short, both ministers [an]d civil servants would be [w]ithdrawn from the front lines [of] industrial intervention in the [pr]ivate sector.

But were this new Minister [to] arrive during the next few [m]onths at the Department of [In]dustry's glossy new Ashdown [H]ouse headquarters—overlook[in]g the Victorian-Italianate [fa]cade of Westminster Cathedral—he would not find life so simple.

For a start, the new Minister would be presented by his top civil servants with one of the gloomiest forecasts ever about the performance and potential of British industry. He would be told dismal tales of poor productivity, of failing export performance and of increasing imports, of possible industrial collapses, of the importance that the special industrial aid schemes have had in pushing companies into modernisation, and of the urgent need for tax reforms to boost the entrepreneur, middle manager and craftsman. These tax reforms have in fact already been pleaded for, earlier this year, by Sir Peter Carey, the Department's outspoken permanent secretary.

Tensions

But while the new Tory Minister and his top advisers might see eye-to-eye on tax, there would be tensions elsewhere, especially since some Tories believe that the Industry Department's senior civil servants have enjoyed too much power in recent years. They believe that civil servants are not qualified to help manage industry because they do not have to bear an entrepreneur's responsibility for business failures. In addition, civil servants' detailed tinkering with industrial issues should not be needed under the new Conservative "enterprise package."

Part of the irony of this, which would not be lost on the new Minister, is that it was the last Conservative Government's Industry Act 1972—designed and fostered by today's senior civil servants—which has enabled the present Government to develop its range of industrial aid schemes. For the first three years of the Act's life, selective industrial assistance was provided to companies under three main headings.

First there was regional assistance under Section 7 of the Act for projects that created or safeguarded employment in designated "assisted areas" of the country. Next there was aid for companies in acute financial difficulties under either Section 7, or under Section 8 which is not limited to employment or assisted area criteria but which must benefit the economy and the national interest. Thirdly the crop of industrial aid schemes which has been built up recently was started under Section 8 with a scheme for the wool textile industry.

Since 1975 the Labour Government has made extensive use of Section 8 (and some other legislation like the Science and Technology Act 1965) to build up a total of nearly 20 aid schemes both for individual sectors of industry and for general purposes, with a total commitment by the Government of about £650m spread over a period of years.

Few of these schemes have ended because, although the closing dates for applications for help has expired in the case of more than half of them, there are future commitments still to be honoured. In addition the largest—a £150m Selective Investment Scheme intended to persuade companies to bring forward major investment projects—is only now getting under way, while three new schemes have only been launched recently. They involve £25m in grants for energy conservation, and two micro-chip schemes offering £15m for microprocessors and £70m for microelectronics.

An incoming Conservative Secretary for Industry would call for the papers on all these schemes with two main objectives: cutting public expenditure and reducing State interference in industry. While honouring existing commitments, he would want to trim any scheme where possible, and he would make it clear that he did not want to introduce any more. But even such an apparently straightforward approach would run into problems. He would immediately be told by civil servants of the hiatus and complaints that would be caused if he stopped a scheme before all existing applicants had been processed. He would also be reminded of the great national interest involved not only in energy conservation but also in the micro-chip developments which are now at a crucial formative stage. He would also be told of two new schemes that civil servants are designing for purposes which he could scarcely oppose.

These schemes have yet to be announced. One is intended to help the fishing industry cope with new EEC regulations. The other would back up the £25m energy conservation programme launched last month.

Industrialists' views of such aid schemes vary. In some industries—especially wool textiles and machine tools—the department and the companies involved believe that the modernisation of the industry has been advanced and jobs have been maintained. Elsewhere there sometimes are objections—for example in drop forging—where a large company may resent government money going to rescue less efficient competitors. The Conservatives however see little benefit in the schemes. They believe that they often back projects that would have been built anyway and so allow the companies pass some of their bills to the Government.

> “The biggest problem that a new Industry Secretary would face would be what to do with the National Enterprise Board . . . Originally the Conservatives intended to abolish the NEB altogether; gradually during the year they have amended their line. They now accept it would be useful as a State holding company for “lame ducks” such as British Leyland . . .”

So while it might be impossible for a Conservative Industry Minister to do much about the existing schemes, few, if any, new ones will be introduced. At the same time the new Minister would be seeking ways of making general regional grants more cost-effective by trying to ensure that regional aid goes to the more labour-intensive projects. But even here such a simple principle might run into problems in practice.

Several of the industrial aid schemes have been proposed as a result of the work of sector working parties of the industrial strategy which bring employers, unions, and civil servants together under the umbrella of the National Economic Development Council. To Conservatives, many of these groups are mere talking shops which the "enterprise package" will make unnecessary. Since Conservatives also disapprove of civil servants becoming closely involved in industry, a future Conservative Government may not see much value in the general claim that the industrial strategy, despite all its limitations, has at least improved contacts between companies and civil servants. On the other hand Lord Watkinson, a leading industrialist and former Conservative minister, said recently in a House of Lords debate that a future Conservative Government should keep the working parties in being. So a new Minister, while not dissociating the working parties, would probably want to evaluate each on its merits.

But the Conservatives do have a positive role for the National Economic Development Council which they want to build into a major forum for debating the country's economic prospects.

The Conservatives' dislike of state intervention may also mean they will be loth to provide any state help for the funding of small firms, although the Employment Protection Act might be amended to help the small businessman—maybe by exempting the smallest concerns from certain employment laws. There would not be any State financial help for workers' co-operatives although the Conservative Party does approve in principle of such ventures providing they are worker-owned.

The biggest problem that a new Industry Secretary would face would be what to do with the National Enterprise Board. Set up by Labour's Industry Act 1975, the NEB now has a total of 40 investments—including 15 direct subsidiary companies—employing 276,000 employees. In the past year since Sir Leslie Murphy took over from Lord Ryder as chairman, the NEB has expanded its activities to such an extent that a Conservative Government would not find its abolition easy.

Originally the Conservatives intended to abolish the NEB altogether; gradually during the past year they have amended their line. They now accept that it would be useful as a State holding company for "lame ducks" such as British Leyland and Alfred Herbert. Coaxed along at a series of private dinners and other meeting by Sir Leslie and his colleagues, Sir Keith Joseph and other Tory leaders may now have to shift their ground. Ideally Sir Keith would like a new Industry Secretary to issue an immediate instruction to Sir Leslie telling him to draw up a management plan for his companies to restore all to financial good health and then sell them off as quickly as possible. About a year ago this might not have been too difficult—although it would have led to some resignations in the top echelons of the NEB—because many of the NEB's smaller investments could have been sold while the lamer ducks would have been kept till their health was restored.

Now, as the NEB's activities become more complex, such a neat division between immediately saleable assets and problems needing further nursing is not possible. First some companies may well not want to be thrown to the highest bidder—and even a Conservative Government might not be very keen to see, for example, part of Ferranti sold abroad. Secondly the work of the NEB in some areas, such as computer software and micro electronics is increasingly valued by industrialists and there would be pressure for the continuance of its work to bring different interests together. Thirdly the NEB is becoming accepted by the more traditional financial institutions and is now working, for example, on a joint venture with the Midland Bank to help small businesses.

It is the computer and micro-electronics activities of the NEB, including the creation of its INMOS company with private industrialists, which would pose immediate practical problems for the Conservatives. As in the case of the micro-electronic industrial aid schemes, initiatives are being taken here that could be crucial for the country. Tory leaders already accept that an incoming Conservative Industry Secretary would have to examine these developments on their merits and not purely on principle, and once that happened, the Conservatives would find that the NEB and state intervention in general cannot simply be wished away.

Letters to the Editor

Funds for the entrepreneur

[F]rom Mr. S. Banks

Sir,—I doubt whether the [G]overnment's proposals for a [s]mall businesses loans scheme [w]ill raise even a faint cheer in [s]mall business circles. Even HM [G]overnment should know that [t]here is no shortage of loan [f]unds, always providing that the [b]usiness is adequately capitalised [a]nd that sufficient security is [a]vailable. The real problem [f]acing both the intending entre[p]reneur and the small business[m]an is his inability to create [c]apital by saving. Without that [c]apital to back him the entre[p]reneur will find that no lender [w]ill supply as a loan what is [e]ssentially risk capital.

The current punitive level of [d]irect tax effectively prevents the [e]mployee and small businessman [f]rom accumulating more than a [v]ery small amount of capital [e]ach year.

HM Government would do far [b]etter to consider how best to [r]estore tax thresholds to at least [th]eir war time equivalents, in [c]urrent money terms £12,600 [th]reshold for higher rates and [£]34,000 threshold for the top [ra]te of tax. Having achieved that, [H]M Government might next turn [it]s attention most profitably to [r]estoring tax thresholds and [al]lowances to an appropriate [le]vel for peace time.

The benefits accruing would [in]clude not only increased invest[m]ent but also a marked increase [in] the demand for labour, the [m]ajor deterrent to employing [a]dditional labour being without [d]oubt the fact that the marginal [re]turn net of tax to the employer [is] totally inadequate to compen[sa]te for the risks.

R. G. Banks.
[illegible],
[Ca]rnegie Road,
[N]ewbury, Berks.

Hazardous transport

[Fr]om the Managing Director,
[Fu]lmer Research Institute.

Sir,—As co-chairman with Sir [Ch]arles Pringle of the conference "The transportation of [ha]zardous materials" referred to [by] Dr. E. C. Weston (July 20) [pe]rhaps I may comment on some [of] the other implications of the [Sp]anish and Mexican disasters on [wh]ich professionals can assist, [pa]rticularly in respect of the [m]aterials with which the con[tai]ners are made.

Much useful and responsible [wo]rk has been carried out by [m]ost, if not all, of the organisa[tio]ns concerned with the manu[fa]cture of products transported [by] road and rail, especially in [liq]uid form, into the suitability [of] container materials, particu[la]rly from the point of view of [co]rrosion, corrosion fatigue and [st]ress corrosion, so that undue [de]terioration does not take place [du]ring the expected life of the [tr]ansporting vehicles. Such, how[ev]er, is the density of the traffic, [es]pecially by road, that accidents [of] the type shown in Spain and [M]exico must be expected to [ha]ppen more often for purely [st]atistical reasons.

It would appear, therefore, [th]at work should be carried out [on] the ballistic properties of con[ta]iner materials so that they can [be] more resistant to impact [ca]used, either on collision or as [a] result of fracturing, etc. In [pa]rticular, containers should be [ca]pable of withstanding penetra[tio]n and piercing by sharp [ob]jects which then allow release [of] the contents.

A great deal of knowledge of [th]e ballistic behaviour of [m]aterials is available within the membership of the professional institutions, and it would be perhaps the responsibility of our Department of Environment to discuss with the appropriate professional bodies such as the Institution of Metallurgists the way in which appropriate research could be carried out.

W. E. Duckworth
(Past President, Institution of Metallurgists),
Fulmer Research Institute,
Stoke Poges, Slough.

Measurement of advertising

From the Chairman,
Roles and Parker.

Sir,—Dr. Oliver comments (August 2) that an article on the role and effectiveness of advertising provided no firm guidance on measuring its value, and left the reader still puzzling as to how much to invest in this area of marketing activity. Our experience is that generalisations are seldom valid—especially in the area of industrial marketing.

Perhaps the only worthwhile advice to Dr. Oliver, and those who find themselves in a similar position, is to concentrate on agreeing with their advertising advisers those objectives which can be usefully reached through the various techniques of advertising, and to put a value on their achievement. With a suitable investment in pre- and post-campaign research, it is possible to get some reasonably accurate guidelines as to the value which advertising is contributing. While many companies fight shy of such an investment in research, it is, to the best of our knowledge, the only way of measuring the contribution of advertising and promotion to overall marketing performance.

As a proportion of the total "marketing communications" budget, it is usually quite small—but it can be the most important investment in this overall sector which a company can make.

H. T. Parker.
Eagle Street, WC1.

Cut-price Xmas post for cards

From Mr. M. Charlish.

Sir,—Now that it is sitting comfortably on a tidy profit can the Post Office board be persuaded to cut postage rates for Christmas cards?

Its sister nationalised industry, British Rail, has learnt the virtue of cut-price bargains to attract custom. So if the Post Office offers a similar concession it may increase its traffic and hence job-opportunities just at the time of year when goodwill and additional pay-packets are more than ever welcome.

And there may just be time to arrive at a decision.

M. McEwan Charlish.
13[illegible], Park Lane,
Carshalton,
Surrey.

Marketing direct

From Mr. G. Kramers

Sir,—Your pages on direct marketing (July 27) did not refer to the marketing of speciality products—products which are not usually stocked in the local shops. If quality is maintained customer loyalty ensures regular repeat orders and makes it possible for small firms to trade successfully in such products. In other countries such firms still exist but they depend on the printed matter post which is still operated in many foreign countries.

The printed matter post was introduced a century or more ago. The first class letter post had created the infrastructure and the Post Office was obliged to deliver daily to every home in the country. It seemed logical to try and make more use of the existing facilities.

Printed matter was not expected to pay its way on the same basis as the first class mail; it was seen as an opportunity for obtaining additional revenue with little if any increase in the cost of wages or overheads. In 1939, for example, the letter rate was 1½d while printed papers cost ½d. Since the 1950s, the Post Office has maintained that every letter, sealed or unsealed, must bear its own share of the costs—printed matter has been abandoned and second class mail introduced in its place.

The marketing of speciality products was largely in the hands of small firms which did not qualify for the rebates offered by the Post Office and, in the United Kingdom, small firms have ceased to trade by mail order—one result has been a decline in the number of items handled by the parcel post as the speciality products were usually delivered by this means.

If printed matter post were to be reintroduced it could be restricted to matter handed in in bulk at a sorting office (pre-sorted and tied into bundles). With this proviso, I would suggest that the head of postal marketing should seek the reintroduction of a printed matter post at a special cheap rate if only to try and arrest the decline in the number of small parcels carried.

G. H. Kramers.
Partingdale Lodge,
Partingdale Lane,
Mill Hill, NW7.

Delays in the mail

From the Managing Director,
Balonia (London)

Sir,—Referring to the Page 1 article on August 4, headed "Action by telephone engineers 'could cost City millions'" I am very glad that the escalating action of the Post Office engineers received ample publicity, but regret that the great delays in the delivery of mail from abroad at present received no mention.

Letters posted in Switzerland take up to 10/12 days to arrive in London, and long delays are also being experienced for letters arriving from all other Continental countries. Not only do letters arrive very late, but they are being received at irregular intervals. Furthermore, there are very bad delays in outgoing mail to European countries. Letters to Germany, for instance, take up to 10 days or more.

Enquiries received from foreign customers cannot be dealt with in time, samples do not arrive, documents arrive belatedly—just to mention a few of the problems we encounter.

This causes, of course, great damage to the export trade and also loss of goodwill because foreign customers think that their enquiries are being ignored. They do not realise that their letters arrive with enormous delays.

My company has been unsuccessful in obtaining any satisfactory information from the Post Office giving the reasons for this impossible and very damaging situation.

R. Stiebel.
260-264, Kingsland Road, E8.

Bell the cat

From Mr. J. Huizinga

Sir,—Is it beyond the wit of our legislators—and those of our friends in the EEC—to devise ways and means of penalising strikes that are so timed as to cause the maximum inconvenience and worse to the public? It is difficult to believe that such timing can make all the difference between success and failure of industrial action. At most, one would think, it could in some cases add marginally to the chances of success . . . at far more than marginal cost to the public. Is it not time, therefore, for someone to bell this mean little cat? No great courage would be required, as the promise to try and do so might well prove a vote-winner rather than a loser.

J. H. Huizinga,
8, Lennox Gardens Mews, SW1.

Using London's docklands

From Mr. W. Lilly

Sir,—I was particularly interested to read Andrew Warren's letter of August 5, insofar as those currently responsible must learn from the mistakes of the past decades. This applies especially to the dearth during this period of new land-based support industries in the upper docks area.

One such mistake was the decision to re-locate the old Covent Garden Market at Nine Elms instead of at Becton on ample land just north of the Royal Group of Docks. The latter site would have saved very many millions of pounds in building costs (thus avoiding the now unacceptable penalties on the tenants for rent at Nine Elms) and the Becton site could have achieved a much better plan and layout.

At the time of my report, commissioned by the Covent Garden Market Authority, our recommendation was accepted by that authority which in its lay members represented some of the finest brains in Britain; the ultimate decision, however, was caused by some market traders, trade unions and (once again) irrelevant governmental interference. These unthinking people also ignored evidence given of examples to consider, if not to follow, in similar re-location problems for the markets in Paris and New York, and indeed in many other situations worldwide.

We cannot put right the mistakes of the past but we must face up to the future by learning from these, and especially that the social order of the true East End people must be respected; they were—and many remain—the salt of the earth.

W. Gordon Lilly.
4, Sandhurst Close, Sanderstead,
South Croydon, Surrey.

Licensing cars

From Mr. M. Bizley.

Sir,—On August 2 (Page 8) you report that computers are not working at the Vehicle Licensing Centre, Swansea.

This means that all those unfortunate motorists whose car licenses expire at end-August will not receive a renewal form. In turn, this means that we cannot re-licence our vehicles, because the Post Office adamantly refuse to re-licence without the form. (Obviously it is useless to apply directly to Swansea).

Why cannot the Post Office be instructed to issue licences on production of the fee, the last licence, the insurance certificate, the registration book (and MoT certificate for "P" or earlier registrations)? Cannot someone cut the ridiculous red tape that is going to sweep us all off the roads? Can the Minister of Transport act now, so that we can re-licence our vehicles before the end of August?

M. T. L. Bizley.
3 Virginia Close, Ashtead, Surrey.

Today's Events

GENERAL

Building Societies' receipts and loans for July.

Mr. Edmund Dell, Trade Secretary, continues visit to China at head of British industrial delegation.

Final day of United Counties Agricultural Show, Carmarthen.

Royal National Eisteddfod of Wales continues, Cardiff.

Final session of Lambeth Conference, Canterbury.

COMPANY RESULTS

Final dividends: Longton Transport (Holdings); Smith Whitworth.

COMPANY MEETINGS

Davenport Knitwear, Allen House, Leicester, 11.30. National Carbonising, Hyde Park Hotel, S.W., 3.30. St. George's Laundry (Worcester), Talbot Hotel, Worcester, 12. John Waddington, Wakefield Road, Leeds, 12.

OPERA

English National Opera production of The Magic Flute, Coliseum Theatre, W.C.2, 7.30 pm.

BALLET

Gala Season, with stars of world ballet, Royal Festival Hall, S.E.1, 7.30 pm (until August 19).

MUSIC

Malcolm Burnock band concert, Tower Place, E.C.3, noon to 2 pm.

Peter Gould (organ), St. Stephen, Walbrook, E.C.4, 12.30 pm.

Henry Wood Promenade Concerts: London Symphony Orchestra, conductor David Atherton, and BBC Singers, in programme of Stravinsky (Fantasy: Fireworks); Panufnik (Sinfonia di Sfere); and Holst (The Planets), Royal Albert Hall, S.W.7, 7.30 pm.

SPORT

Cricket: Second Test, England v. New Zealand, Trent Bridge. Golf: Benson and Hedges tournament, Fulford; Youth's championships, Renfrew.

EXHIBITIONS

Royal Academy summer exhibition, Burlington House, Piccadilly, W.1 (until August 13).

Historical development of heraldry in Britain from its 12th century origins, British Museum, W.C.1 (until August 27).

George Romney drawings, Kenwood House, Hampstead Lane, N.W.3 (until September 3).

Henry Moore drawings, Tate Gallery, Millbank, S.W.1 (until August 28).

Sir Gilbert Scott centenary exhibition, Print Room Galleries, Victoria and Albert Museum, South Kensington, S.W.7 (until September 10).

Exhibition of 17th century Dutch paintings, National Gallery, Trafalgar Square, W.C.2 (until September 17).

Josiah Wedgwood exhibition, Science Museum, South Kensington, S.W.7 (until September 24).

COMPANY NEWS + COMMENT

Aaronson at £1.7m midway—raising £4.2m

TOGETHER with increased first half results and a forecast of record profits for the current year, the directors of Aaronson Bros. announce *proposals for a* rights issue to raise some £4.2m.

The issue, to maintain a continuing programme of capital investment, proposes to offer 6,327,897 ordinary 10p shares on the basis of two-for-seven at 66p each, and 18.859 new ordinary for every 100 convertible preference *shares. A resolution is also pro*posed to increase the authorised capital from £5.5m to £6.5m.

The directors say capital expenditure of £5m is planned in the period to September 1979, partly to expand capacity, partly to improve efficiency and partly to develop new technology in the traditional product areas.

Profits before tax for the half-year ended March 31, 1978, rose from £1.57m to £1.68m and directors expect second-half profits to be in line with those of the first half, giving record profits for the year.

To reduce disparity, the interim dividend is raised from 0.61p to 1p and a 2.5p final is forecast with Treasury consent. The total last year was 1.97158p from profits of £2.84m.

The new shares will not rank for the interim dividend but will receive the forecast final payment. The issue is being underwritten by Hill Samuel. Brokers are *Cazenove and Company.*

● comment

Following the recently-completed £5m expansion programme, Aaronson has obviously needed the throughput and as such has sacrificed margins for a volume gain of nearly a fifth. First half turnover is 17 per cent higher while the profits increase is just over 7 per cent. However, the prospects for the second half look much brighter with the improvement in the DIY and furniture markets. In addition, export markets have been strong and the company's forecast would give an 18 per cent profits increase for the year. Meanwhile, Aaronson's cash call appears to be well timed. The company expects a big increase in demand over the next couple of years and the new £5m expansion programme would boost manufacturing capacity by more than a third. The rights issue will also reduce net borrowings from about 44 per cent of shareholders' funds to around 5 per cent. The shares ex-rights yield 8.8 per cent.

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Wholesale Fittings improves

A RISE of £295,000 to £1.12m in second-half taxable profits of Wholesale Fittings Company, the electrical distribution concern, left the figure for the full year to April 28, 1978, at a record £1.76m, compared with £1.28m. Sales improved from £12.91m to £16.72m.

At half-time, when reporting profits of £647,000 (£447,000) on *sales of £7.72m (£5.75m), the* directors said that turnover for the first two months of the second half showed an increase, albeit at a lower rate than that for the first six months.

They now say that turnover for the first three months of the current year has increased both *in monetary and volume terms* against the same period last year.

The liquidity position continues to be strong and the directors are confident that the company will continue to progress.

The 1976-77 pre-tax profit was reduced by £5,000 after a change in the basis of accounting as recommended by SSAP 12, regarding depreciation of freehold buildings.

The result included net interest received of £10,000 (£25,000). After tax of £943,000 (£686,000) and an extraordinary £35,000 profit last time on the sale of property, available profits were ahead from £628,000 to £821,000.

Earnings before the extraordinary item are given as 23.5p (17p) per 20p share. A final dividend of 3.859p lifts the total payment from 5.271p to the maximum permitted 5.886p net, absorbing £203,704.

● comment

Steady volume growth of just under a fifth has pushed up Wholesale Fittings' margins from 8.4 per cent in the first six months to 12.4 per cent in the second half, and full-year profits are 38 per cent higher. This compares very favourably with other electrical distributors, for example, Best and May, where profits were a quarter higher for the same period. WF's strategy over the past few years has been to move away from the highly competitive (and less buoyant) domestic side of the market, and now its activities are almost exclusively focused on industry. Here, with companies stepping up their factory refurbishing programmes, the picture is much healthier and WF has been gaining market share in such items as industrial plugs and sockets, commercial lighting and motor control equipment. The shares last night closed 7p higher at a 1978 peak *of 187p. At this level the shares* are on a p/e of almost 8 while the yield is around 5 per cent, covered almost four times. This compares with a p/e for Best and May of 7.6 and a yield of 7.3 per cent.

Downturn at New Court Resources

Pre-tax revenue of New Court Natural Resources fell from £799,000 to £473,000 in the March 31, 1978 year on total revenue down from £1.64m to £0.91m.

The result was after management expenses and interest of £433,000 (£836,000) and is subject to tax of £98,000 (£412,000). The dividend is cut from 1.432p net per 5p share to 0.5p.

During the year a scheme of arrangement to transfer all listed assets, £10.36m in cash and investments in two companies to a unit trust with units issued to the company's shareholders was approved.

Rothschild Investment Trust owns 10 per cent of shares of the unlisted company.

David Dixon well ahead

FROM turnover of £8.0m, against £7.72m, profits before tax of David Dixon and Son Holdings, woollen cloth and hosiery maker, rose sharply from £124,152 to £490,360 in the year ended April 1, 1978. First-half profits had increased from £93,000 to £203 000.

Earnings per 25p share are shown at 23.2p, against 4.8p. A final dividend of 2.7139p lifts the total from 2.3722p to 3.7139 net.

Net profit amounted to £419,099, against £107,262 after tax of £71,261 (£16,890) and attributable profit was £413,071, compared with *£101,235. There are also extra*ordinary credits of £50,562 (£53,932 debits).

Midterm rise at T. Clarke: sees peak

Half-time pre-tax profit of T. Clarke to June 30, 1978, rose from £235,041 to £275,605 on turnover well ahead from £4.62m to £6.01m, and the directors expect the growth to continue.

After tax of £152,000 against £121,000 net profit rose from £104,941 to £123,605.

The interim dividend is lifted from 0.393p adjusted for the three-for-ten scrip issue to 0.433p net per 10p share. Last year, on record profits of £0.43m, a 0.4666p adjusted final was paid.

Heron Motor up 52%

WITH TURNOVER up from £106.28m to £133.53m taxable profit of Heron Motor Group jumped 51.6 per cent from £2.02m to £3.06m in the March 31, 1978, year.

Interest charges were down from £1.43m to £1.14m., and the result is subject to tax of £0.63m (£0.64m). There were extraordinary profits of £1.72m (£32,000), stemming from the sale of its interest in Henleys and the sale of surplus properties, offset by terminal losses on the closure of branches.

Mr. P. S. Reynolds, the chief executive, says that during the year the group reduced its activity *in the commercial vehicle sector* while extending its car franchises in areas of good potential. The group has also been appointed parts wholesalers for BL in nine locations.

While Heron's branches have therefore been reduced Mr. Reynolds believes trading prospects have been improved.

The fleets division had an excellent year reflecting the substantial purchase and leasing of vehicles by the business community.

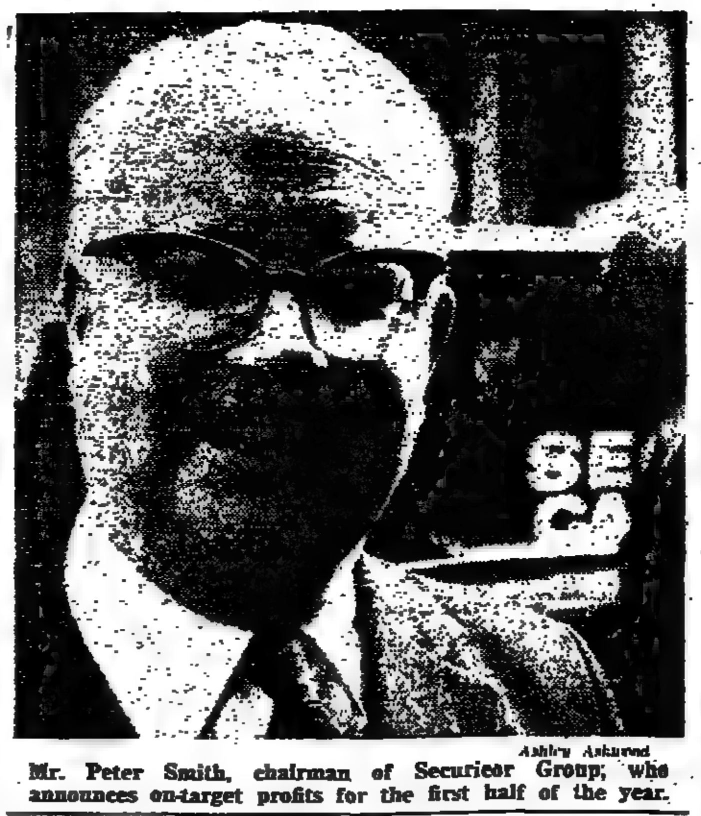
Earnings per 25p share of the company—75.05 per cent owned by Heron Corporation—are shown at 17.65p (10.26p) basic, and 15.28p (9.04p) fully diluted. The dividend is stepped up from 3.179p net to 3.62p with a 1.92p final. The 17.5 per cent increase is permitted as the company has close status.

During the year a property revaluation produced a £3m surplus and £2.23m of deferred tax was written back into reserves, and at year-end shareholders' funds were up from £11.93m to £18.67m, representing 131.03p per share.

On the future, Mr. Reynolds says trading in the current year shows a continuing profit improvement. Directors are confident and the group is well placed to take advantage of any opportunities. He points out it has £16m of unsecured borrowing facilities available.

● comment

Heron did not quite equal Henley's unaudited 51 per cent *pre-tax profit increase in the six* months to March 31. In the same period Heron's profit was up 35 per cent. It appears to have been affected by the cold snap in Scotland where roughly a third of its business is located. All sectors contributed to its overall profit growth with new car sales *and profits being helped particu*larly by better availability of Leyland cars and also by higher retail prices. The company has been taking advantage of the fleet leasing boom to expand its activities in this area. The increase in demand for new cars in the period since year end indicates *that another good performance* should be recorded in the current year. A close company for dividend purposes has allowed the directors to lift the interim dividend by 17½ per cent. But if the full year dividend is increased at the same rate the yield, at 145p is still only 4 per cent.



Ashley Ashwood

Mr. Peter Smith, chairman of Securicor Group, who announces on-target profits for the first half of the year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aaronson Bros. ....int.	1¶	Oct. 9	0.61	—	1.97
Abbey	1.36	—	0.81	2.17	1.3
W. G. Allen	2.03	Sept. 26	1.77*	2.83	2.56*
Anglo-Intnl. Trust ...int.	1	Oct. 5	1	—	3.2
Automated Security int.	0.66	Nov. 15	0.49	—	1.32
British Benzol	0.6	—	0.36	0.6	1.19
Bromsgrove Castings ...	1.4	Nov. 2	1.19	2.2	1.99
Carron Co. ....int.	1.34	Dec. 1	1.34	—	3.58
T. Clarke ....int.	0.44	Oct. 2	0.39	—	0.86
Dinkie Heel ....int.	0.14	Jan. 2	0.12*	—	0.26*
David Dixon	2.71	Sept. 22	1.49	3.71	2.37
EMI (Australia)	2.5§	—	10	2.5	10
Heron Motor	1.92	—	1.63	3.62	3.18
LEP Group	2.45	—	2.44	3.45	3.09
Midland Educational	3.21	—	2.84	4.71	4.25
Muar River	0.48	Oct. 12	0.43*	0.48	0.43*
New Witwatersrand	10‡	Sept. 29	9	16	15
Property Security Inv. ...	1.34	Oct. 2	1.42	2.09	1.88
Scottish Homes Inv.	0.9	Oct. 2	0.6	1.5	1.1
Securicor Group ......int.	0.8†	Sept. 29	0.29	—	1.25
Security Services ......int.	1.23†	Sept. 29	0.67	—	1.99
Squirrel Horn ....int.	0.75	Oct. 6	0.63	—	1.54
Wholesale Fittings	3.86	Oct. 19	3.46	5.89	5.27

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents *throughout.* § *Australian cents throughout.* ¶ To reduce disparity. Final of 2.5p forecast.

Colour TV troubles run EMI Australia into loss

MAINLY attributable to the collapse of the Australian colour television market, EMI (Australia), an offshoot of the UK electrical and electronics group, incurred a A$4.9m loss for the year to June 30, 1978. This compares with a $4.3m profit for the previous 12 months.

However, the directors say that they expect a considerable improvement in the current year.

Earlier this year EMI (Australia) sold its colour television interests to its Japanese partner Toshiba, but not before running up losses of $3.5m.

The company also reports extraordinary losses of $6.26m (profits $339,000). Because the directors altered their policy on future income tax benefits, an amount of $1.89m accumulated future tax benefits has been written back.

Tax effect accounting was introduced in July 1976 and at half-way operating loss had been reduced by the future tax benefit attributable to those losses.

The accounting convention provides that there must be "virtual certainty" of subsequently earning enough profits to obtain the benefit. The directors say they felt this called for an accuracy of forecast greater than that which they feel would be prudent in the present trading, retail and economic climate. In addition the cost of terminating colour television interests added a further $4.5m in extraordinary losses.

The directors say the general reserves of the group remain strong and no liquidity problem is being encountered. A dividend of 2.5 cents a share has therefore been declared compared with 10 cents in 1976-77.

Group turnover declined almost 34 per cent from $104m to $68.8m, due mainly to the decline in demand for domestic electronic equipment, principally colour television sets, and the withdrawal from this activity.

Most of the group's other electronics, recorded music and retail activities also encountered difficulties, but the defence electronics contracting division was profitable and music publishing enjoyed a very successful year.

RECORD RIDGWAY BUYS 26% OF TYZACK & TURNER

RECORD RIDGWAY, the Sheffield-based tool manufacturer, is buying a 26 per cent stake in neighbouring W. Tyzack Sons and Turner for £199,000 cash.

Last night Ridgway announced that it has paid 43p for each of the 442,500 ordinary shares formerly owned by the Central Manufacturing and Trading Group, which recently raised £1.5m by a rights issue.

Ridgway says the holding has been bought as a long-term trade investment, while both companies expect the association to bring *commercial benefits.*

Mr. Mark Alexander, Ridgway's chief executive, is to join the Tyzack Board. Pre-tax profits at Tyzack, a Sheffield-based agricultural parts manufacturer, recently recovered to £81,061 in the six months to January last.

Ultramar surges to £18m halfway

FOR THE first half of 1978, profits before tax of the Ultramar Company more than doubled to £18.14m and the directors expect to continue to do well in the second six months. The first-half figure is approaching the record £24.7m achieved for all last year.

When reporting first-quarter profits up £3.7m to £9.6m, the Board was expecting the group to do considerably better financially this year than in 1977, despite a continued adverse result in Quebec.

Indonesian operations were the major contributor to the first-half result, but the Quebec and Ontario *refining* and marketing operations are still incurring losses, the directors now report. The California, Newfoundland, Western Canada, Caribbean and the UK divisions operated at a profit.

Cash flow from operation in the first half, at £14.9m (£10.33m) is a record.

Net loss on foreign exchange fluctuations totalled £1.5m (£1m) bringing net earnings for the period to £6.57m compared with £3.84m. Earnings per share are shown at 17.5p (10.4p) and 16.3p (9.8p) fully diluted.

Due mainly to substantial purchase and sale transactions in the crude oil market, sales of oil rose from 149,700 to 201,600 barrels per day while the group's share of gas produced in Indonesia lifted output from 9.3m to 191.7m cubic feet per day.

Oil refined totalled 95,400 (108,500) barrels per day and oil produced was 9,500 (6,300) barrels per day. A total of 17 (nine) gross wells were drilled and again nine oil and gas wells were completed.

	Six months 1978 £000	1977 £000
Sales	290,918	207,111
Trading profit	25,170	11,639
Depreciation, etc.	7,030	3,771
Profit before tax	18,140	7,908
Current tax	6,749	1,309
Deferred tax	3,323	1,733
Net profit	8,068	4,844
Foreign exchange fluc.	1,957	2,109
Tax effects	437	1,100
Preference dividend	324	525
Off ACT	238	—
Attributable ordinary	5,786	3,310

The group's entitlement to income from Indonesian LNG sales is included net of contractual deductions for transportation, liquefaction costs and debt service on the loans raised by Pertamina to finance the construction of the Badak LNG Plant.

To match income with these deductions, the group's entitlement is adjusted to reflect an equal annual charge for debt service over a 12-year period rather than the irregular repayment schedule established for the loans.

In Indonesia the consortium in which the group has a 35 per cent interest drilled six wells in East Kalimantan during the first half, all of which were successful. Gas reserves in the Badak, Nilam and Semberah fields have been extended and increased and there has also been addition to oil reserves.

An aggressive drilling programme is continuing to prove additional gas reserves with a view to expansion of the LNG Plant and additional gas sales. Exploratory drilling will be resumed in the third quarter.

In the North Sea, the Maureen Field oil reserves were verified by the successful drilling of an offset well. However, two exploration wells in other blocks were unsuccessful. In Western Canada there were no significant discoveries in the drilling programme.

● comment

With its Indonesian operations coming on stream Ultramar is enjoying strong improvements in both cash flow and operating profit. But the group's refinery and marketing operations in Quebec and Ontario are still doing badly. During the period both recorded losses. The utilisation of the Quebec refinery fell from an average of 88,000 barrels a day in 1977 to between 70,000 b/d and 73,000 b/d in the second quarter of 1978, although this is expected to increase as demand picks up towards the end of the year. The figures include refining done for Canadian Fuel Marketers, also based in Ontario and Quebec which Ultramar is planning to buy from the Shell group. Approval for the acquisition still has to come from the Canadian Foreign Investment Review Agency but, provided it does, the merger of the two operations will go a long way towards solving Ultramar's problems in the region. The company is confident about its second half prospects but the Quebec problems make analysts uneasy.

Bromsgrove's second half recovery

In the second half Bromsgrove Casting and Machining has made a good recovery, and profits for the year ended March 31, 1978, show a slight improvement from £130,326 to £167,162.

This follows a first half when there was a setback from £94,600 to £19,247.

Earnings per 5p share are shown at 4.5p, against 4p. The final dividend is 1.4p for a net total of 2.2p, compared with 1.99p.

The company makes a wide variety of aluminium and non-ferrous castings, mainly for the commercial vehicle and farm machinery industries.

	1977-78 £	1976-77 £
Turnover	3,410,149	2,170,[illegible]
Profit before tax	167,162	130,326
Corporation tax	85,500	[illegible]
Final dividend	22,400	[illegible]

W. G. Allen declines to below £0.5m

MIXED FORTUNES in the two divisions of W. G. Allen and Sons (Tipton), the engineering concern, resulted in pre-tax profits down from a peak £627,049 to £496,272 for the March 31, 1978 year, after a £55,000 drop to £180,000 at midway.

Turnover for 1977-78 increased from £6.28m to £6.99m and the directors say the group has got off to a good start in the current year with sales for the first three months amounting to some £2m, against £1.5m last year.

However, the level of orders outstanding at June 30 was £1.8m, a little less than the £2m at the same time last year.

The directors say Tipton had a poor year. Much production was lost throughout the autumn through industrial disputes and an imbalance of orders received by Allens of Tipton, the fabricating company, added to these production problems.

These factors resulted in lower than anticipated production at a time of year which is normally a period of high output, and this in turn had an adverse effect on cash flow resulting in higher borrowings.

In the light of these problems and a review of the competitiveness of Allens of Tipton's fabrications, the directors are re-structuring the use and facilities of the Tipton site.

Despite these problems, Tipton held its share of a declining market for steel hot water boilers and increased its share of the growing market for steam boilers, they add. Exports of boilers again increased.

Present indications are that the Southern division should maintain its progress and so far as Tipton is concerned, the directors say they have every expectation of maintaining its share of the boiler market.

However, the level of order intake for general engineering products and fabrications gives them some cause for concern and it is essential that the group retains its competitiveness, the directors add. They therefore view the outlook for the year as a whole with caution.

Profits for 1977-78 were struck after heavier interest of £31,626 (£6,227). Tax took £68,641 (£174,561) and earnings attributable to ordinary holders emerged slightly down from £449,863 to £425,006.

Comparative figures have been adjusted, where appropriate, for the effects of a change in accounting policy relating to deferred tax.

Earnings per 25p share are shown as 12.7p (13.44p adjusted) and as forecast, the dividend total is effectively raised from 2.557p to the maximum permitted 2.825p net, costing £94,572 (£85,600), with a final of 2.025p based on a 34 per cent ACT rate. A one-for-nine scrip issue is also proposed.

At the year-end, fixed assets stood at £1.93m (£1.88m) and net current assets at £1.97m (£1.77m).

Abbey more than doubled

AS EXPECTED the second half at Dublin-based Abbey was one of continued progress and pre-tax profits for the 12 months to April 30, 1978, finished well ahead at £2.3m—more than double the £1.01m for the previous year. A 67 per cent increase in dividend is also declared.

The company has recovered well from the £0.56m loss of 1975-1976 and this year's figure is £400,000 short of the record £2.7m of 1972-73, from whence a decline started. Midway through this year an increase from £472,000 to £924,000 was reported.

Sales for the 12 months advanced from £22.06m to £31.74m and profit was struck after interest of £1.16m against £1.38m.

Tax took £469,000 (£230,000) for stated earnings of 7.8p (3.31p) per 25p share. The final dividend is 1.3558p net for a 2.1688p (1.3p) total.

PSIT cuts loss to £77,000

IN THE second half to March 31, 1978, Property Security Investment Trust edged £23,000 into the black to reduce its pre-tax loss for the year to £77,000. Last year a £594,000 pre-tax loss was recorded after a £251,000 deficit at half-time.

The result came after interest charges down from £3.16m to £2.88m and administration expenses of £112,000 (£117,000). It is subject to tax of £134,000 (£170,000) and minority credits of £109,000 (£139,000).

After extraordinary profits of £679,000 (£1.31m), the balance emerged at £577,000 (£685,000), representing 3.79p per 50p share (4.5p). The extraordinary items comprise surpluses on the sale of properties and listed investments, a currency gain of £309,000 (£392,000), and other losses of £38,000 (£83,000).

A final dividend of 1.34p takes the total from 1.8755p net to 2.09p, and will absorb £318,000 (£285,000). After carrying forward £1.22m from last year and deducting dividends, a £342,000 transfer to the capital reserve and £43,000 to the mortgage redemption reserve, the balance carried forward at year end is £1.1m.

Directors are proposing a one-for-two scrip issue and subject to Inland Revenue consent a free issue of two eight per cent £1 cumulative preference shares for each 25 Ordinary shares held.

	1977-78 £000	1976-77 £000
Turnover	4,277	3,386
Rents receivable	3,177	2,948
Sales by dealing subs.	1,200	418
Net property income	3,771	2,569
Investment income	38	48
Dealing profit	113	62
Interest	2,877	3,156
Admin. expenses	112	117
Pre-tax loss	77	594
Tax	134	170
Net loss	211	764
From minorities	109	139
Extraordinary profits	679	1,310
Leaving	577	685
Brought forward	1,222	1,590
Available	1,799	2,275

Securicor right on target

IN THE first half of 1977-78, both Securicor Group and its 52 per cent owned listed subsidiary Security Services achieved their profit targets forecast in the recent rights issues and have met their interim dividend promises.

In the case of Securicor Group, which incorporates Security Services and Securicor, profits for the six months ended March 31, 1987 have reached £2.42m, compared with £1.98m in the corresponding period last year, as shown in the table.

	First-half 1978 £000	†1977 £000
Group turnover	60,383	48,111
Profit before tax	2,419	1,977
Security	2,009	1,626
Finance	409	351
Taxation	633	517
Net profit	1,786	1,460
Outside holders	536	548
Ord. dividend	83	28
Pref. dividend	30	5

† Restated due to changes in accounting policies.

On capital increased by the rights issue, the interim dividend is stepped up from 0.2965p to 0.3p net; a total of 2.5p has been forecast. Earnings on the old capital are shown at 7.8p (6.6p) per 25p share.

For Security Services, incorporating Securicor, turnover advanced by £11.48m to £57.8m, and profits came to £2.15m against £1.75m.

After tax £482,000 (£398,000) and minorities £70,000 (nil), the attributable balance was £1.59m (£1.35m).

The interim dividend is lifted from 0.867p to 1.25p net on the new capital; a total of 3.5p has been foreshadowed. Earnings are shown at 10.4p (8.8p).

Automated Security upsurge

INCLUDING two months contribution from Brocks Alarms group, profits of Automated Security (Holdings) shot up from £160,000 to £382,000 in the six months ended May 31, 1978.

Mr. Thomas Buffett, the chairman says the period has seen a steady demand for both the historic operations and Brocks, and present business activity indicates a continuance of this for the remainder of the year.

Margins have been maintained at a satisfactory level despite the temporary overmanning to ensure the smooth integration of Brocks. This has been faster than anticipated and Brocks security division made a "positive contribution" to the interim figures.

The interim dividend is stepped up from 0.495p to 0.66p net per 10p share—last year's final was 0.825p. Earnings are shown at 3.9p (1.7p) and at 3.31p fully diluted.

	Half year 1978 £000	1977 £000	Year 1976-77 £000
Turnover	2,692	[illegible]	3,241
Profit before tax	382	160	507
Tax	39	21	56
Net profit	343	139	451
Pref. dividends	22	—	—
Ordinary	53	41	108
Retained	268	98	343

Muar River advances to £0.82m

WITH THE fall in rubber profits being more than offset by the rise in those from cocoa and higher interest and dividends receivable, pre-tax profits of Muar River Rubber Company advanced from £797,878 to £824,562 for the year to March 31, 1978.

Turnover for the period showed little change at £2.07m (£2.02m). Rubber contributed £409,302 (£542,852) to profits, cocoa £224,722 (£112,082) and dividends and interest £375,866 (£280,305). Replanting expenditure took £165,338 (£187,861).

Including land sales surplus £50,000 (£11,802) net, investment sales surplus £194,733 (£89,261) net and adjustment for exchange and tax of previous periods £24,267 (£1,360), the balance available for appropriations came out at £1.09m (£0.9m).

From this tax took £393,178 (£422,273) and the dividend £134,105 (£120,094), with the payment effectively being lifted from 0.43285p to 0.48335p net per 10p share. The balance carried forward was £586,279 (£357,934).

Dividend cut as British Benzol profits slump

THE YEAR to March 31, 1978 at British Benzol Carbonising resulted in pre-tax profits slumping from £1.41m to £0.79m and the dividend total being halved from 1.1948p to 0.5974p net.

At the halfway stage when a decline from £581,000 to £255,000 was reported, the interim dividend was passed.

Turnover for the 12 months rose from £15m to £15.38m and profit was struck after interest of £14,839 (£69,463). Last time some £19,000 loss of associated company was written back.

After tax of £405,803 (£739,224), extraordinary debits of £300,000 (£294,967) and minorities, the attributable balance fell from £375,288 to £84,971.

Earnings of this coke and smokeless fuel manufacturer, are shown to have fallen from 7.1p to 4.1p per 10p share.

Second half downturn for LEP

A REDUCTION in second half profits from £2.48m to £2.14m has eaten into Lep Group's £1m first half advance to leave profits for 1977 up from £4.07m to £4.69m.

Turnover for the year was £51.54m (£47.29m) and after tax of £2.18m (£1.65m), net profit emerged at £2.51m compared with £2.42m. Minority interest reduced attributable profits to £2.41m (£2.3m).

Earnings per 10p share are shown at 37.5p against 35.9p and the final dividend of 2.48p net takes the total for the year from 3.09p to 3.45p Dividends absorb £219,937 (£196,987).

Squirrel Horn sees good year

TURNOVER up from £2.42m to £2.9m and pre-tax profits ahead to £383,408 against £221,121 are reported by Squirrel Horn, Stockport-based sweets maker, for the first six months of 1978.

While the directors expect the year's results to be satisfactory, the increase over last year's £488,000 pre-tax will not be as great as suggested by the first half figures, they say.

The interim dividend is stepped up from 0.625p to 0.75p—last year's total was 1.5375p.

Depreciation in the half year amounted to £49,552 (£37,659). Tax takes £199,370 (£116,000) leaving net profits at £184,038 against £105,121.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Western Selection and Development.

Finals — Bishopsgate Property and General Investments, Cableform, Carrington Investments, Gaskell (Bacup), Hawthorn Baker, Longton Transport, Smith Whitworth.

FUTURE DATES

Interims—	
Albright and Wilson	Aug. 17
Alliance Trust	Aug. 25
American Trust	Aug. 22
Anglo American Industrial Corp.	Sept. 1
Anglo American Investment Trust	Sept. 6
Bestobell	Sept. 13
Electrical and Industrial Secs.	Sept. 4
Finals—	
Garford-Lilley Industries	Aug. 16
Gelfer (A. and J.)	Aug. 17
Norton and Wright	Aug. 17
Second Alliance Trust	Aug. 25
Vibroplant	Aug. 14
Webb (Joseph)	Aug. 16

Record at AGB Research

TURNOVER AT AGB Research for the April 30, 1978 year climbed from £7.95m to £11.04m and taxable profit of the consumer and industrial market research group advanced from £1.01m to a peak £1.37m.

At halftime, when profit was £150,000 higher at £0.53m, directors said full year results should show satisfactory progress and profits in February were forecast to be no less than £1.3m.

The full year profit is subject to tax of £0.79m (£0.58m) and before minority interests of credits of £18,378 (£14,133 debits). Attributable profit came out at £0.6m (£0.42m).

Earnings per 10p share are shown as 3.65p (6.5p). The 2.3p net second interim dividend was announced in July. A one-for-three scrip issue is now proposed.

Results do not include any contribution from the recently acquired publishing interests.

Dinkie Heel up £40,000

Pre-tax profit of Dinkie Heel Company rose from £102,424 to £142,497 in the first half of 1978. Turnover was £0.66m against £0.51m.

Directors say demand for safety steel toe caps both at home and abroad continued buoyant in the first half. Work has started on the company's new factory at Bristol and is scheduled for completion in the spring of 1979.

The interim dividend is up from an adjusted 0.121p net per 5p share to 0.14p. Last year an adjusted 0.26p total was paid on record profits of £233,000.

First half advance by Carron

A CONTINUING difficulty in maintaining margins restricted pre-tax profits of Carron Company (Holdings) to an advance from £280,000 to £426,000 for the first half of 1978, on turnover of £3.14m higher at £14.7m.

Mr. C. Stroyan, chairman, says the modest improvement in trading conditions referred to in his last annual statement has been maintained.

"As anticipated then, a £2m 10-year term loan has now been arranged to fund the cost of the acquisitions made in 1977 at 1¼ per cent above London inter-bank rate," he states.

After tax of £107,000 (£102,000) net profits rose from £178,000 to £319,000. Stated earnings are 3.79p (2.12p) per 25p share.

The interim dividend is maintained at 1.542p net—costing £129,528 (same)—last year's final was 2.042p from £483,610 taxable profit.

Half-year profit was struck after a £25,000 charge for depreciation of property in accordance with SSAP 12.

Peak for Midland Educational

Following a jump from £16,500 to £40,000 in the first half, taxable profit of Midland Educational Company ended the March 31, 1978, year ahead £326,439 to a record £400,354.

Turnover for the year was £7.53m (£6.58m) and after tax £206,727 (£169,341) net profit was £193,627 (£157,098).

Earnings per 50p share are shown up from 10.98p to 13.59p and a final dividend of 3.20783p takes the total from 4.25126p to 4.70783p.

W. H. CULLEN

(Proprietors: Cullen's Stores Limited)

(Grocers and Wine, Spirit and Beer Merchants)

SATISFACTORY TURNOVER

The following are extracts from the Annual Report for the year ended 28th February, 1978:

PROFIT

The profit for the year, after providing for taxation amounts to £112,104.

ACTIVITIES

The business of the Company has continued to be that of Grocers, with particular emphasis on quality goods and fresh foods, and Wine, Spirit and Beer Merchants.

DIRECTORS

At the end of the financial year Mr. W. K. Rogers retired as an executive Director of the Company, but is continuing for the time being as non-executive Chairman.

Mr. P. Cullen was appointed Managing Director as from the 1st March, 1978.

Mr. D. G. Cullen and Mr. L. D. McDonald are the Directors retiring by rotation and being eligible offer themselves for re-election.

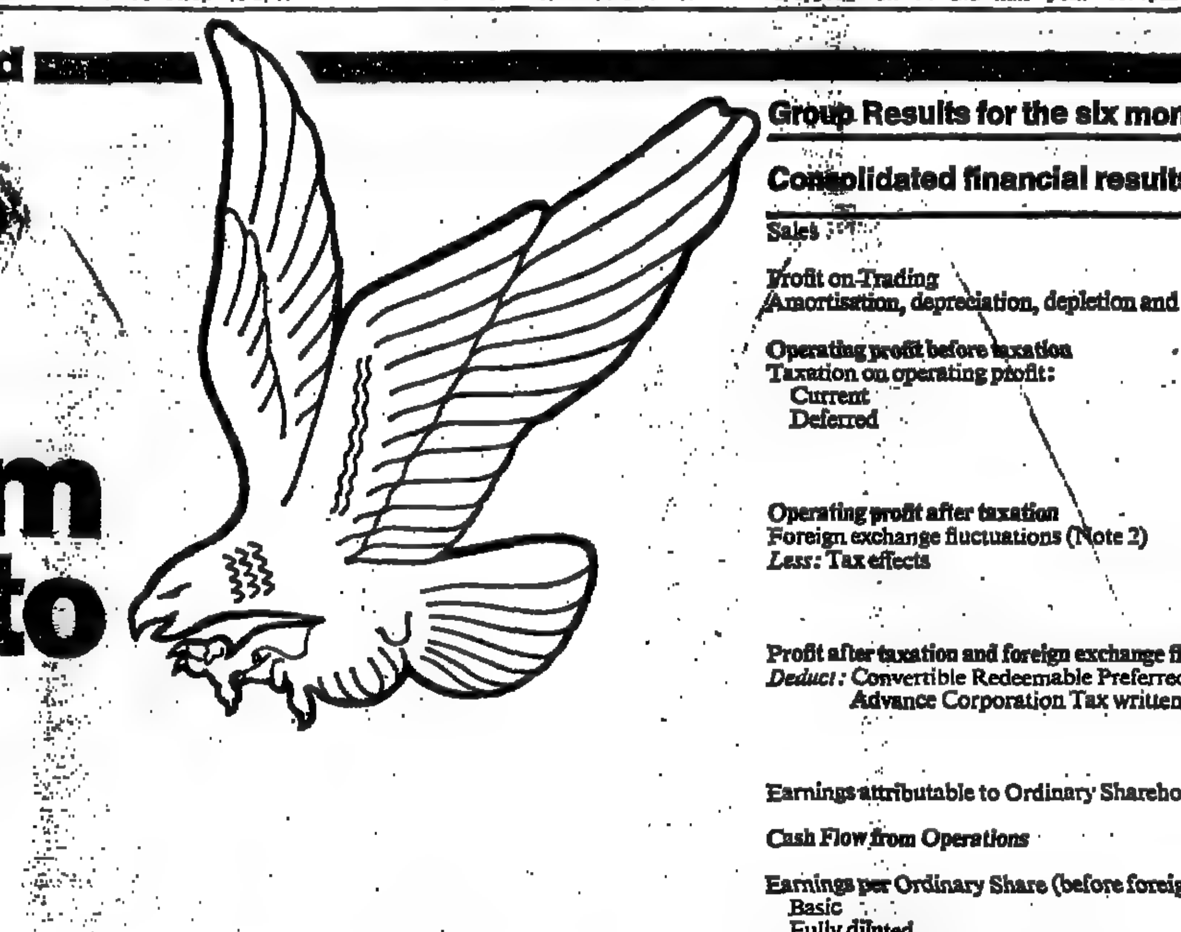
COMPANY'S AFFAIRS

Competition in the Grocery and "Off" Licence trade has been more acute than ever, leading to the inevitable erosion of margins, and at the same time expenses have continued to rise. The Directors carried on with the policy of specialising in quality goods and fresh food and have converted two further shops to "Gourmet and Goblet," one in Upper Richmond Road, E. Sheen and the other in Western Road, Hove. There are two further conversions in the pipeline, shops at Gerrards Cross and Park Langley, Beckenham. The staffing of these types of shops is a big problem—training takes time and trained men and women with the necessary qualifications are few and far between. Hence the expansion of this side of the Company's business can only proceed slowly. However, with predictions of higher consumer spending next year the Directors certainly feel more hopeful of better times to come.

Turnover since the end of February has kept up satisfactorily and, though in present circumstances it is impossible and foolish to make forecasts, the Directors firmly believe in the future of small "personal" shops and the Company is in a very good position to benefit from this trend.

During the year three unprofitable units at Wantage, Radlett and Finchley Road have been closed down and new businesses to replace these are being actively sought.

Ultramar Company Limited



Going from strength to strength

Review of Operations and Results for the six months to 30th June 1978

Financial results

Operating profit before taxation for the first half of 1978 amounted to £18,140,000 compared with £7,908,000 for the first half of 1977. After deducting current and deferred taxation, mostly with respect to Indonesian operations, the six months operating profit after taxation came to £8,068,000 compared with £4,844,000 for the first six months of 1977. Non-cash exchange losses for the first half totalled £1,500,000 bringing net earnings for the period to £6,568,000 compared with £3,835,000 for the first half of 1977. Cash flow from operations in the first half was £14,927,000, the highest in the history of the Ultramar Group.

The California, Newfoundland, Western Canada, Caribbean and UK divisions have operated at a profit, but the Quebec and Ontario refining and marketing operations have incurred losses. Indonesian operations were the major contributor to the Group profit and cash flow.

We expect to continue to do well in the second half of 1978.

Canadian refining and marketing

We are taking the necessary steps to purchase Canadian Fuel Marketers Limited, a large and successful marketing organisation selling in excess of 70,000 barrels per day of industrial fuel, heating oils and gasoline, mainly in the Provinces of Ontario and Quebec. The origins of this company go back some 100 years when it was founded by the Webster family as a coal marketing company in Quebec City. Coal marketing has become a relatively small part of the business and now the emphasis is on the sale of petroleum products through a network of strategically placed terminals and distribution facilities. The purchase of the company is subject to the approval of the Canadian Foreign Investment Review Agency.

Exploration and production

In Indonesia the consortium in which we have a 35% interest drilled six wells in East Kalimantan during the first half of 1978, all of which were successful. Gas reserves in the Badak, Nilam and Semberah fields have been extended and increased and there has also been addition to oil reserves. An aggressive drilling programme is continuing in order to prove up additional gas reserves with a view to expansion of the LNG Plant and additional gas sales. Exploratory drilling will be resumed in the third quarter.

During the first half of 1978, gas production from the Badak Field to the LNG Plant averaged 530 million cubic feet per day, exactly the design capacity of the plant. Rates exceeding 600 million cubic feet per day were sustained for significant periods without difficulty. Our share of the Badak gas production in the first half was 182 million cubic feet per day. Oil and condensate production from the East Kalimantan contract area averaged 22,657 barrels per day, of which 12,424 barrels per day were condensate produced in conjunction with the Badak gas production. Our share of the oil and condensate production for the first half was 7,839 barrels per day. Our share of the above oil, gas and condensate production was equivalent to approximately 45,000 barrels per day of oil on an energy equivalent basis.

In the UK North Sea, the Maureen Field oil reserves were verified by the successful drilling of an offset well. However, two exploration wells in other blocks were unsuccessful.

A development plan and time schedule for the Maureen Field has been agreed by the joint holders and presented to the United Kingdom Department of Energy for approval. If approved it is hoped to have initial orders for steel and fabrication out before the end of 1978. Development drilling from a semisubmersible rig through a seabed template should begin in the first half of 1979. The effect on this development of the recently proposed changes in Petroleum Revenue Tax is under study.

In Western Canada there were no significant discoveries in our drilling programme.

An Agreement has been made with the Egyptian General Petroleum Corporation by Ultramar (50%) and Murphy Oil (50%) as operator for a new exploration concession covering two blocks totalling about 1,062,000 acres located on the Mediterranean coast between Alexandria and El Alamein. Formal ratification by the Egyptian Government is expected shortly. We have also negotiated a farmout from two Australian companies for a 25% interest in an existing concession called the Mariut Block (approximately 1,285,000 acres) which is also operated by Murphy Oil and which lies between the two blocks negotiated with the Government. The first exploration well on the Mariut Block will probably be drilled early in 1979.

10th August, 1978 *Campbell L. Nelson*

Group Results for the six months to 30th June 1978

Consolidated financial results

		first six months 1978 £000		first six months 1977 £000		year 1977 £000
Sales		£289,918		£207,111		£472,652
Profit on Trading		25,170		11,639		33,126
Amortisation, depreciation, depletion and amounts written off		7,030		3,731		8,417
Operating profit before taxation		18,140		7,908		24,709
Taxation on operating profit:						
Current	6,749		1,309		3,632	
Deferred	3,323		1,755		8,479	
		10,072		3,064		12,111
Operating profit after taxation		8,068		4,844		12,598
Foreign exchange fluctuations (Note 2)	1,957		2,109		5,615	
Less: Tax effects	457		1,100		1,492	
		1,500		1,009		4,123
Profit after taxation and foreign exchange fluctuations		6,568		3,835		8,475
Deduct: Convertible Redeemable Preferred Shares dividend	524		525		1,059	
Advance Corporation Tax written off	258		—		—	
		782		525		1,059
Earnings attributable to Ordinary Shareholders		£5,786		£3,310		£7,416
Cash Flow from Operations		£14,927		£10,330		£26,556
Earnings per Ordinary Share (before foreign exchange fluctuations)						
Basic		17.5p		10.4p		27.8p
Fully diluted		16.3p		9.8p		25.5p

Consolidated statement of source and application of funds

		first six months 1978 £000		first six months 1977 £000
Source of Funds				
From operations:				
Operating profit after taxation		8,068		4,844
Amortisation, depreciation, depletion and amounts written off		7,030		3,731
Deferred taxation on trading profits		3,323		1,755
Indonesian debt service equalisation (Note 3)		(3,494)		—
Cash flow from operations		14,927		10,330
From other sources:				
Long term portion of US\$75 million loan raised	34,516			
Less: prepayment of existing US\$25 million loan	10,215			
		24,301		711
Disposal of fixed assets		1,744		1,127
Miscellaneous items		416		100
		£41,388		£12,268
Application of funds				
Acquisition of subsidiary companies		—		1,588
Additions to fixed assets		8,812		6,240
Capital expenditures		8,812		7,828
Portion of long term debt now due in one year		2,297		3,773
Exchange adjustments due to currency realignments		525		436
Convertible redeemable Preferred Shares dividend	524		525	
Add: Advance Corporation Tax	258		283	
		782		808
Increase/(decrease) in working capital		28,972		(577)
		£41,388		£12,268
Working capital at 30th June 1978		£38,282		£3,560
Long term loans at 30th June 1978		£79,060		£65,459

Notes to Group Results

1 Group earnings are very largely in US and Canadian dollars which for the six months to 30th June 1978 have been translated into Sterling at US\$1.86 and Canadian \$2.09 to £1. The comparative figures for the six months to 30th June 1977 have been translated at US\$1.72 and Canadian \$1.82 to £1, being the exchange rates effective at that date.

2 The net loss on foreign exchange fluctuations of £1,500,000 during the six months to 30th June 1978 relates almost entirely to long-term loans of individual companies repayable over the years to 1993, and is due to the fall in values of the Canadian dollar against the US dollar and the US dollar against the Swiss franc since the beginning of the year.

3 The Group's entitlement to income from Indonesian LNG sales is included in the Profit and Loss Account net of contractual deductions for transportation, liquefaction costs and debt service on the loans raised by Pertamina to finance the construction of the Badak LNG Plant. In order to match income with these deductions, the Group's entitlement is adjusted to reflect an equal annual charge for debt service over a twelve-year period rather than the irregular repayment schedule established for the loans.

Operating results

	first six months 1978	first six months 1977
Sales of oil (barrels per day)	201,600	149,700
Oil refined (barrels per day)	95,400	108,500
Oil produced (barrels per day)	9,500	6,300
Gas produced (thousands of cubic feet per day)	191,700	9,300
Gross wells drilled	17	9
Oil and gas wells completed (in which the Group has varying interests)	9	9

Notes to operating results:

1 There were substantial purchase and sale transactions in the crude oil market during the first six months of 1978. This is the principle reason for the rise in the volume of sales of oil.

2 The Group's share of gas produced in Indonesia is the reason for the marked increase in gas production compared with the equivalent period last year.

Ultramar

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MINING NEWS

Brinco's hopes on Abitibi asbestos project

BY KENNETH MARSTON, MINING EDITOR

THE Rio Tinto-Zinc group's Canadian exporation arm, Brinco, is moving ahead steadily with a consortium-type approach to the Abitibi asbestos project in north-western Quebec, reports our Montreal correspondent.

The company has had discussions off and on with the Quebec Government for the past two years on the project, with the possibility of equity participation by a Government agency in mind. However company sources confirm that the Government has said it cannot now envisage equity participation, partly because of its preoccupation with negotiations with General Dynamics of the U.S. for the acquisition of Asbestos Corporation.

If the Government were to participate in the Abitibi asbestos project it would be through Asbestos Corporation or the new National Asbestos Corporation which will eventually control Asbestos Corporation, its own internal reports of the project have been favourable.

The Abitibi project now has a cost estimate of well over C$400m (£186m). This is for development of the "A" orebody and milling plant. Reserves proved or probable in three orebodies are sufficient for 40 years production at the peak rate of 250,000 tons a year of fibre.

Brinco confirms that talks have continued with Asarco of the U.S., which was originally a prospective partner, and have been undertaken with several other companies in line with the consortium-type approach to development.

KILLINGHALL TIN TO EMIGRATE

Shares of the UK-registered Killinghall Tin, which operates in Malaysia, were marked up 125p to 825p yesterday following news of the company's proposed change of domicile to Malaysia—which will result in the London share price attracting the investment dollar premium—and the accompanying capital reconstruction.

For each existing share, holders will receive two shares each of M$1 in a new Malaysian company, Killinghall Tin (Malaysia) plus M$8.19 (183p) in cash. Malaysia's Ramuda will subscribe for 40 per cent of the new company's capital.

Meanwhile, Killinghall intends to pay a second interim dividend equal to 45p net of Malaysian tax for the current year to September 30, immediately prior to the scheme of arrangement becoming effective. Subsequent dividends will be paid by the new Malaysian company, starting with the first interim for 1978-79 in August next year.

A recovery at New Wits

FOLLOWING a good second-half, net profits for the year to June 30 of the Consolidated Gold Fields group's South African investment company, New Witwatersrand Gold Exploration, have advanced to R2.42m (£1.43m) from R985,000 in 1976-77. The final dividend is raised by one to 10 cents, making a year's total of 16 cents against 15 cents.

Although investment income rose in the past year, largely from the gold share holdings, New Wits results have benefited from the need to write down its investments by only R93,000 in 1977-78 compared with R1.09m in the previous year. The shares rose 4p to 158p yesterday.

ROUND-UP

Australia's Pancontinental Mining has placed 240,000 shares at A$15.60 (£9.28) each through the Sydney stockbrokers, Ord Minnett. At the last balance sheet date of June 30, 1977, the potential uranium producer had 6.82m shares in issue plus 310,830 options. The A$3.77m (£2.23m) to be raised by the placing will be used for ongoing exploration. The shares were £15½ in London yesterday.

* * *

South Africa's Blyvooruitzicht Gold Mining announces that milling of ore at the mine has been temporarily interrupted because of the collapse of a section of the main overland conveyor which transports ore from No. 4 shaft to the mill. A temporary conveyor is being built and should be in operation within three days, but it will not handle the full tonnage. Permanent repairs which are already under way should be completed within ten days. There will be no immediate effect on underground production as the ore will be stockpiled on surface. It is hoped that the reduction in milled tonnage will be recovered before the end of the year.

* * *

Kent (FMS) Tin Dredging is to be placed in voluntary liquidation on September 28. Since the cessation of mining operations in November, no suitable tin mining opportunity in Malaysia has been identified. Assets of the company are now mainly in the form of deposits with finance companies. Directors are of the opinion that it would be to the benefit of the members to distribute the assets by way of voluntary liquidation. It is intended to call an extraordinary meeting on September [illegible].

* * *

Owing to the continuance of UK dividend restraint, Cornwall's tin-producing Geevor is not able to recommend the previously intimated final dividend of 3.76875p. Consequently, the total dividend for the year to March 31 last amounted to 5.035p after adjustment for the three-for-one scrip issue.

SHARE STAKES

Trafalgar House: Kuwait Investment Office acquired 100,000 shares on August 4, 1978 bringing total interest to 9.42m (5.9 per cent).

Automated Security (Holdings): London Trust Co. sold 90,000 ordinary shares reducing holding to 1.2m (14.6 per cent).

City Hotels Group: Mrs. M. B. Gutman disposed of further 10,000 ordinary shares reducing holding to 240,000 (3.4 per cent).

Gresham Investment Trust: London Trust now holds 845,000 shares (5.3 per cent).

Charter Trust and Agency: London and Manchester Assurance now holds 2,172 616 ordinary stock (5.4 per cent).

Crellon Holdings: Mr. J. Eiger disposed of 600 000 12 per cent convertible participating preferred redeemable shares on July 25, 1978 and a further 590,000 on July 31, 1978.

Northern Securities Trust: Hon. R. Hanning-Philipps, chairman sold 10,000 ordinary shares at 127p.

Royal Worcester: Rothschild Investment Trust acquired further 125,000 ordinary shares bringing total holding to 946,500 (approximately 15.7 per cent).

Electronic Rentals Group: Mr A. C. Cowell director, sold 190 000 shares on August 9, 1978 at 140p.

Forward Technology Industries: Following sales of 30,000 ordinary shares on August 7, 1978, and further 30,000 on August 8, 1978, Mr. C. L. Corman and Mr. J. E Green (as trustees of the GSJ. Allen Discretionary Trust) are now interested in 1,456,667 shares. Following these transactions, Mr G. S. J. Allen is now interested in 5,118,333 ordinary shares, and Mr. J. E. Green in 1,644,250 including 1,456,667 held as joint trustee of the GSJ Allen Discretionary Trust.

Mercantile Credit: Company reports the following changes in directors holdings — Mr. T. Cowie disposed of 111,428 shares and now holds 2,202,102 (18 36 per cent); Mrs. L. R. Cowie disposed of 18,215 shares and now hold 486,594; Mrs. S. Billingham, wife of director, purchased 1,000 shares.

BIDS AND DEALS

NAPF sets up committee over Lyons merger

BY CHRISTINE MOIR

The National Association of Pension Funds has, as expected, set up a special "case" committee over the proposed bid by Allied Breweries for J. Lyons and Co. The committee is to be chaired by Mr. Hugh Jenkins, investment manager of the National Coal Board Staff Superannuation Fund.

Yesterday, representatives of the pension funds, who have been expressing growing concern over the implications of the bid, met Samuel Montagu, the merchant bank which is advising Allied.

Following that meeting Mr. George Dennis, chairman of the investment protection committee of the NAPF said "every co-operation is being extended to us by Allied and its advisers."

Mr. Dennis confirmed that the sub-committee had been set up and that it would now await further details of the bid in the offer documents. They are expected to be sent to shareholders around the end of the month.

So far there is no sign that Allied intends to change its mind and call a shareholders' meeting despite the fact that some of the pension fund managers are known still to be considering requisitioning one.

However, it is thought that the present informal discussion between the company and the NAPF committee could take some of the urgency out of this demand. Mr. Dennis said that he fully expected an amicable outcome to the talks.

HENSHALL BOWS TO BOVBOURNE

The Board of W. Henshall and Sons (Addlestone), the aircraft galley equipment manufacturer, has finally bowed to the controversial 20p bid from Bovbourne. In a letter to shareholders yesterday Mr. D. G. Luffingham, the chairman, told shareholders they should accept the offer rather than remain a minority now that Bovbourne controls 62.1 per cent of the equity. The Board intends to accept in respect of its own 20.9 per cent holdings.

The move means an end to a three-month battle for Henshall involving two rival bidders, Petford and Bovbourne. The latter sparked off the battle by acquiring just on 50 per cent of Henshall through the purchase of three blocks of shares from members of the Board, family and an institution.

Petford then entered the lists with a bid 10p higher and sought, with the support of the Henshall Board, to persuade the Take Over Panel to agree to an issue of Henshall shares which would dilute Bovbourne's holding below 50 per cent and give the higher bid a chance of success.

Permission was not given and Petford's offer lapsed shortly afterwards.

Babcock sells Butterfield stake

Babcock and Wilcox has sold its 20 per cent stake in Butterfield-Harvey, just over a year after its abortive attempts to take over the company.

The 2.86m shares, which Babcock bought for £1.29m (45p) from Sime Darby prior to engaging Butterfield in talks which led nowhere, were sold in the market yesterday by Casenove, the company's brokers.

Casenove said that the shares had gone to a wide spread of institutions.

The spokesman would not disclose the sale price but it is thought to have been at a discount of between 5 to 10 per cent of the price at the time, 86p. At the lower of these figures Babcock would have raised some £2.2m—a profit of £1m.

Following the sale Butterfield's share price fell 3p to 84p and Babcock's rose by 1p to 146p.

PYKE CHAIRMAN RETIRES

Shareholders of W. J. Pyke, the butchery company which is currently the subject of a bid from Mr. David Thompson at a full 30 per cent below the market value of the shares, were given a few more meagre clues to the offer in a letter quoted yesterday.

Mr. W. J. Pyke, the chairman, who is 66, has retired and Mr. R. Garner, the managing director, will assume the chair.

Mr. Garner believes that Mr. Thompson, who has been in the meat trade all his life, will have a beneficial effect on the company although he will not join the Board or interfere with the day-to-day management.

No financial changes have occurred in the company, according to yesterday's letter, except that the overdraft facilities have been increased by 35 per cent to £1m.

Shareholders are not given much advice over the bid which was automatically triggered off under Stock Exchange rules when Mr. Thompson acquired over 30 per cent of the shares.

The company's advisers believe the price of 30p to be fair and reasonable given the narrow and volatile market in the shares, despite the fact that the price is 29.4 per cent below the present market value and equal to the lowest price for the year.

Shareholders are recommended to consider either raising cash through accepting the offer or selling in the market. They are not, however, given any indication as to future profit trends or whether it might be more beneficial for them to retain their holdings.

One clue to possible action, however, may be inferred from the fac that Mr. Garner appears to intend to retain his own 90,000 shares—amounting to 13 per cent of the equity—in addition to his option over a further 50,000.

ST. PIRAN RESIGNATION

St. Piran, the tin mining company which was recently censured by the Take Over Panel for share purchases in Orme Developments, is to lose another director.

Yesterday, Mr. Gordon Jeffreys announced that he had resigned from the Board of St. Piran and its subsidiaries, including South Crofty and Milbury.

Mr. Jeffreys, who is a chartered accountant, was unavailable for comment last night.

Ellis and Everard disposes of building interests

Ellis and Everard, the builders and chemicals merchant, has disposed of its troublesome building interests to Travis and Arnold, the timber group, in a deal worth £3 58m.

Most of the consideration, some £3.19m., represents debt that Travis has agreed to take over from Ellis and Everard, and which has been incurred on the building interests. The balance of £386,000 is to be paid in cash. The total payment is to be made in two parts.

The Ellis and Everard building supplies division (including the small fuel company Welland Fuels which Travis is also purchasing) showed pre-tax profits of £75,000 on sales of £23.9m in the financial year ended April 30, 1978. In the second half of the year a small loss was sustained.

Travis said yesterday that the acquisition will be of benefit by advancing its own investment programme in the areas involved. It intends to develop the existing business of the building supplies division, which operates through 28 depots principally in the east and west Midlands, and increase the return on assets involved. Commenting on what improvement it expected to be seen in this area Mr. E. R. Travis, joint managing director, said that he would hope profits represented around 4 per cent of sales in two years.

At the same time that the purchase was announced Ellis declared its preliminary results. These showed pre-tax profits down 5 per cent from £1.02m to £969,000 on sales up 13.1 per cent from £37.16m to £42.02m. Attributable profit after tax and minorities amounted to £348,000 compared with £536,000. A final dividend of 3p was declared making a total of 5p net which is unchanged.

● comment

Ellis and Everard, after its latest arrangement with Travis and Arnold, has shed all its building related interests, and so now can only be described as a chemical company. But in the balance sheet the debt slate has been wiped clean by the move. Ellis dashed for growth in the building materials industry in the early 70s, and as such its timing was with hindsight misjudged. It quickly built up a capital intensive network of depots at a time when the construction industry was just about to enter recession. Since then demand has fallen and debt crept up. In the last accounts there were borrowings of around 112 per cent of shareholders' funds. Unilever, which holds 31.5 per cent of Ellis's equity, is reserving final judgment on the deal until it sees the letter to shareholders but speculation about its reaction could hold Ellis's shares at around their high for the year at 95p. For Travis the move looks a good one. It has been on the prowl for some time in an effort to improve its vertical integration along with other timber groups who have found that this has offset some of the more violent swings in the timber cycle.

Reports to Meetings

StanChart chief on Bankcorp benefits

THE FULL funding package through which Standard Chartered Bank will fulfil its US$372m bid for Union Bankcorp of California is still undecided.

At yesterday's annual meeting Lord Barber, chairman, told shareholders that the acquisition would be funded partly from the proceeds of the US$100m floating rate note issued in July, partly from internal resources "and also by means to be determined in the light of the progress of the acquisition."

Lord Barber refused to answer shareholders' questions about whether the deal might involve a rights issue. He did, however, explain in some detail the nature of the U.S. bank and the benefits which were expected from it.

At the end of last year Union had total assets of US$4.7bn, total deposits of US$3.9bn and shareholders' funds of US$186.5m. After-tax income for the year was $18.3m but in the first six months of this year net profits rose to $12.4m compared with $8.5m for the corresponding period, although this year there was an exceptional litigation cost of $3.9m to be subtracted from that figure.

Lord Barber said that the rising profit trend which these figures indicated, plus the financial resources which Standard could put behind Union would make Union even more competitive than it was at present and create an investment in which shareholders would be well pleased.

Mr. Peter Graham, managing director of Standard, explained that the Board felt very confident about the benefits Union would bring to the group. It was a very "clean" bank, in the sense that it had no current problems having adopted conservative policies which had extricated it from previous difficulties.

It had made an excellent recovery from these difficulties and was at present "under-loaned." Its management was "above average" and it had much lower overheads than similar banks in California.

As far as the price was concerned Mr. Graham believed that it compared very favourably with similar transactions. The purchase would not dilute Standard's earnings as the profits of Union were "well able to service the debt" incurred through the acquisition. In any case, he believed that Standard's gearing at the end of this year would not be "unusually high" as a result of the takeover. It might be higher than some of the clearing banks but equally it could be lower than others.

Mr. Graham admitted that a large element of goodwill was included in the price—amounting to £100m or so which would be written off over a 20 year period. He did not believe, however, that an abnormal premium had been paid.

The deal had yet to receive consent from the U.S. and UK governments. It was not expected to be completed for another nine months or so.

During the meeting, Standard Chartered's involvement in South Africa was also a matter for discussion. One shareholder, declared that the bank had a serious "moral problem" relating to its heavy involvement in the South African economy.

He asked the Board to consider adopting a policy towards its South African loans similar to that which had been adopted by some other UK banks. He also asked whether the Board would seek to get its South African pension fund to sell its holdings of Government defence bonds.

The following are extracts from other chairmen's statements made at annual meetings held yesterday:

Cattle's (Holdings)—Mr. R. Waudby said as regards short term prospects he was extremely happy with the volume of turnover, which was being maintained at almost 30 per cent above last year's level. He anticipated that the 20 per cent growth budget for the full year would be achieved without difficulty.

In the longer term there were plans to extend the number of Shopachick branch offices by 10 per cent in the next 5 years and in addition he was hopeful that a major acquisition or acquisitions would take the company closer in terms of market share to its main competitor.

Armitage Shanks Group—Mr. Kennedy Campbell, told holders the improvement that was evident during the second half of last year had been well maintained during the first quarter of this year. All divisions were showing an increase in trading results.

Bambergers—Mr. Cecil D. Woodburn-Bamberger reported sales for the first four months of the year from the group's two divisions were ahead of a year ago and profitability was still increasing.

There were indications that the rate of increase in new housing "starts" in the private sector, particularly in the South of England would continue and this should benefit the company in the current year.

Confidence at Rothmans

THROUGHOUT all its major markets, both domestic and export, Rothmans International faces tough and increasing competition, Sir David Nicolson, the chairman, says in his annual report.

However, he looks to the future with confidence based on the group's record of proven achievement. "We are only too well aware of the pressures and problems, but I am confident in our ability to deal with them," Sir David says.

For the year ended March 31, 1978, pre-tax profits rose from £66.44m to a record £80.61m on turnover of £1.8bn (£1.49bn). On a CCA basis, pre-tax profit is reduced to £71.9m after cost of sales, £7.8m, depreciation, £12.5m, and gearing adjustment of £14.2m.

Liquidity and working capital showed a further improvement over the year of £47m. Funds employed in financing tobacco tax in the UK were reduced by some £35m following the new tax system and this was subsequently used in the continuing expansion of the volume of business in domestic and export markets.

A geographical analysis of sales volume and trading profit (in percentages) shows EEC 68 and 33, rest of Europe 10 and 10, and outside Europe, 24 and 57.

Cigarette sales by member companies of the group exceeded the previous year's level by a satisfactory margin, with the better performance coming mainly from international brands. Licensed manufacturers also contributed to the improvement in sales worldwide.

In the UK, sales advanced by an impressive 26 per cent substantially increasing market share in the face of tough competition and generally adverse trading conditions. Industry sales were hit again by higher tobacco taxation and within a smaller market manufacturers fought to build market share in the growing sector for king size brands.

The report also shows an updated valuation of the group's interest in land and buildings indicating a surplus over book values at March 31 this year of some £45m.

See Lex

Canadian purchase

Rothmans has also revealed the details of its £44m purchase of a controlling stake in Canada's second biggest tobacco company, Rothmans of Pall Mall Canada.

Rothmans is to make its purchase through its wholly owned subsidiary Martin Brinkman A.G. which in turn will acquire from the Rupert group its Canadian interests. These are presently vested in a Netherlands holding company, Dutch Canadian Holding B.V. and consist mainly of a controlling interest in Rothmans of Pall Mall Canada which itself owns 50.1 per cent of Carling O'Keefe, a brewing to oil concern. At the end of the day Rothmans International should end up with 85.6 per cent of Rothman's of Pall Mall Canada.

However, the 85.6 per cent stake will be diluted to 84.8 per cent by the end of 1979 after preference shareholders have exercised conversion rights.

The deal has been concluded after discussions with Dr. Anton Rupert, one of the world's most powerful and secretive industrialists who also heads the multinational Rembrandt Group of South Africa. Approval for the arrangement is to be sought from Rothmans' shareholders at an EGM on September 19.

But the Rupert Group, which has a substantial interest in both camps, does not intend to exercise its voting rights.

Chase Manhattan Bank has carried out a valuation of the Canadian interests for Brinkman and has given its opinion that the value is in excess of the purchase price of C$96.91m (£43.98m) after taking into account a liability of C$34.5m due to the Bank of Montreal by a subsidiary of the Netherlands holding company.

Rothmans believes that the proposed acquisition represents a "unique" opportunity to acquire an established major position in another large domestic market in its own industry—tobacco. Rothmans of Pall Mall Canada holds around 27 per cent of the Canadian cigarette market with major brands such as Rothmans, Craven "A" and Number 7.

In addition to providing what Rothmans International regards as a logical extension of its existing business the deal is hoped to achieve a small degree of product diversification through the Carling O'Keefe interests. Carling holds a 24 per cent share of the brewing market and is among the top three brewers.

Carling's wholly-owned subsidiary Star Oil and Gas is engaged in the exploration, development and production of oil and natural gas in Canada and the U.S. The company also has a 14 per cent participation in a petroleum and natural gas permit for 4.55m acres off the coast of Western Australia.

In all net tangible assets of the Canadian interests being acquired by Rothmans International add up to C$12.75m (£5.77m).

● GEC ANNUAL REPORT

The snakes and ladder game

BY JOHN LLOYD

GEC has produced a lavishly illustrated simplified version of its accounts aimed principally at its 156,000-strong UK workforce, though the document—"GEC in 1978"—is available to the 150,000 shareholders as well.

"GEC in 1978" is generally witty and strongly populist in tone, beginning with a Bill Tidy cartoon on the title page showing Sir Arnold Weinstock, GEC's managing director, genially suggesting that the shareholders and the workers should receive the same annual report to a devastated GEC Board and ending with a quite playable game of snakes and ladders called, "The ups and downs of doing business."

"How about letting the shareholders have the same annual report as the workers???"

Sir Arnold's foreword stresses the need to innovate and to provide customer satisfaction. "Customers do not *have* to come to us: they only will if we give them better value than our competitors offer. Whenever we fail to do so in any product line, we are in trouble. Sometimes, the right thing to do is to reinvest and attack again—as we are doing in some consumer products right now.

"But in the cut and thrust of competitive life, it is inevitable that not *every* GEC activity will *always* turn out to be a winner. We haven't had many losers, thanks to hard work and good products, though *we* haven't got it right *every* time. And we keep on trying harder."

Sir Arnold concludes with a ringing re-assertion of the Protestant ethic as applied to GEC—"Nobody owes us a living. No one can honestly promise jobs and prosperity for all—it doesn't lie within the power of any person or any government to deliver. It's up to all of us. A tough prospect? Maybe. But a clear and straightforward one. And if any industrial company in Britain can handle it, we can."

The company's chairman, Lord Nelson of Stafford, is more polemical than exhortatory. He chides government for its pay policies and excessive taxation, preventing GEC from "doing all we can to help people to learn more demanding skills to grasp opportunities or to put in that vital extra effort.

"All political parties pay lip service to the need to correct these disincentives. But virtually nothing positive is done."

He is still more scathing about the Government's encouragement for workers to serve on company boards. "We believe in pushing decision-making down the line to the people who have to deal with the problems face to face. Current ideas about union directors, monkeying about with boards of companies and all the rest of it, may well have the opposite effect."

The snakes and ladders game may well be drawn from a nightmarish day in the life of Sir Arnold Weinstock: the snakes which sprawl across the 60-square game bite on such occasions as when the customer fails to get through by phone, or when the sales manager is at Ascot and there are no sales, or when the accountants run out of money, and the cheque bounces.

Two snakes bite, first, when the MD ignores HQ advice, and the profits fall and second, when the MD takes HQ advice, and the profits fall. When the "MD ogles the convenor's girlfriend", a turn is missed (what real life drama lies behind this?). On the plus side for Sir Arnold, when he attends Ascot, huge new orders result and he gets an extra turn.

In their annual report to shareholders the directors disclose that taxable profit in 1977 of British Aircraft Corporation (Holdings)—formerly jointly owned by Vickers and GEC and now part of British Aerospace—jumped from £40m to £52m.

They say until the April 29, 1977, vesting date the business of BAC continued to follow the growth trend previously recorded and that its accounts have become available "and show excellent results from the business taken from its previous owners."

As well as the profit, net assets at December 31, 1977, stood at £80m. In contrast, the directors say, the interim payment on account received from the Government in February was £6.1m, split equally between GEC and Vickers.

GEC carries its aerospace interests in the books at £9.7m, which represents the residual value of the group's share of net assets of BAC and assets derived from it, less provisions of £31.5m and after deducting the £3.1m of compensation so far received.

Directors are unable to place a figure on the amount of eventual compensation to be received but are satisfied that the ultimate value of the aerospace interests will exceed the net residual value. The auditors, Touche Ross and Co. have qualified the accounts on the uncertainty surrounding the eventual compensation. No provision has been made for any capital gains tax which may arise were investments to be realised at the values stated.

As previously reported taxable profit of GEC last year totalled £325.3m (£278.3m) from turnover of £2.34bn (£2.05bn). A current cost statement shows the profit reduced to £268.9m (£207.8m) by additional depreciation of £30.8m (£27.1m) and a cost of sales adjustment of £25.6m (£43.4m). As net monetary assets exceeded liabilities in both years no gearing adjustment has been made.

At the March 31, 1978, balance date fixed assets of GEC stood at £317.5m (£279.8m), while net current assets were £774.1m (£653.9m). Of the current assets of £1.76bn (£1.52bn), bank balances and deposits accounted for £648.2m (£482.2m).

CANADA REJECTS DCM INVESTMENT

The Canadian Government has rejected a proposed investment in Canada by toymakers Dunbee-Combex-Marx. The Government's review agency said the investment "did not meet the test of significant benefit to Canada."

The proposals were submitted by DCM's U.S. subsidiary, Louis Marx and Co. of Stamford, Connecticut.

Lonrho to resume executive seat on Sudanese sugar venture

BY JAMES BUXTON

LONRHO is to resume its seat on the executive committee of the Kenana Sugar Company, the Sudanese concern which it ran until it lost the management contract in May last year, and it is not after all to sell its $5.5m (3.4 per cent) stake in the company.

In what Lonrho, the Sudanese Government and Kenana describe as "an amicable settlement of all their differences," Mr. Tiny Rowland, the chief executive of the London-based conglomerate, is to resume his active participation on the Board of Kenana, and Mr. Rene Leclezio, the Lonrho director responsible for Sugar, is to return to the executive committee of Kenana. Mr. Leclezio was managing director of the company when Lonrho held the management contract.

Late last year Lonrho made clear that it wanted to sell its shares in Kenana. Yesterday's announcement suggests that it still envisages a rôle in the future management of the company, and that it has repaired its relations with the Sudanese Government.

Lonrho originally conceived the Kenana scheme to build one of the world's largest sugar factories at a site on the White Nile 180 miles south of Khartoum, in co-operation with Mr. Khalil Osman, of Gulf Fisheries, which also has a small stake in the project.

The project was estimated in October 1973 to cost $125m. Now it is expected to cost $595m before it is fully in operation in the early 1980s. The factory is expected to start operating in the spring of next year but will not handle its first full crop until the 1979-80 crushing season.

Lonrho was blamed for the rapidly rising cost of the project, which the British company said was the result of world inflation and the difficulties of coping with the weak Sudanese infrastructure.

Lonrho claimed the sole reason it lost the management contract was that it was a requirement of the government-owned Kuwait Foreign Trading Contracting and Investment Company (KFTCIC)—which in 1976 took a stake in the company—that its projects be managed either by a Kuwaiti or by a national of the country they were sited in. Lonrho said that it was not prepared to compromise on this issue.

Since May 1977 Kenana has been under Sudanese management and all but a few of the staff seconded from Lonrho have left.

The Sudanese Government is the largest single shareholder with 40 per cent of the company's share capital of $160m. The State-owned Sudan Development Company has 10 per cent. Other shareholders are the KFTCIC (23 per cent), the Arab Investment Company (17), Lonrho (3.4), Nissho-Iwai (1.4), Gulf Fisheries (1.4), with 3.75 per cent unsubscribed.

The earlier proposal was that Lonrho should sell its stake in Kenana to the State-owned Bank of Khartoum.

Scottish Homes Inv. doubled

AN ALMOST doubled taxable profit of £350,920 compared with £176,083 is reported by Scottish Homes Investment Co. for the March 31, 1978 year, from turnover of £3.5m against £2.93m previously.

Last year's result was reduced by £85,000 losses attributable to subsidiaries sold during the year.

At halftime, when profit was ahead from £95,646 to £112,235, directors forecast a profit in advance of 1976-77.

The year's profit is before tax of £69,134 (£54,596) and earnings per share are shown at 4.03p against 1.74p. The final dividend of 0.9p takes the total from 1.1p to 1.5p.

HOME CONTRACTS

New general hospital at Stafford

FAIRCLOUGH BUILDING, will start work next month on a £10.5m contract for the new Stafford District General Hospital. The two storey hospital will have 300 beds, five operating theatres and an accident and emergency department. All departments will be interlinked by a "hospital street" containing staircases, lifts and administrative offices. The hospital will be built on the site of the former Coton Hill psychiatric hospital in Weston Road, Stafford. Work is expected to take four years.

*

SHEPHERD CONSTRUCTION has won four contracts worth a total of £800,000, ranging from small shop alterations to two major industrial developments. They include work on 46 dwellings at Cleveland Street/Crossbeck Terrace, Normanby, for the Langbaurgh Borough Council, a contract worth £500,000.

*

CORRALL CONSTRUCTION has a £200,000 contract to modernise, repair and alter the headquarters of the National Union of Students at Endersley Street, London, W.1. Work has started, and should be completed in 12 months.

BANK RETURN

—	Wednesday Aug. 9 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	21,087,148	— 3,457,604
Special Deposits	435,950,000	— 435,926,000
Bankers	341,067,886	— 12,210,962
Reserves & Other A/cs	637,342,100	+ 46,076,757
	1,449,990,134	+ 30,348,171
ASSETS		
Govt. Securities	968,251,028	+ 3,085,000
Advanced & Other A/cs	229,100,872	+ 4,927,141
Premises, Equip't & Other Secs.	208,549,672	— 37,987
Notes	24,890,737	+ 22,403,891
Coin	197,765	— 9,874
	1,449,990,134	+ 30,348,171
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,600,000,000	— 50,000,000
In Circulation	8,575,109,263	— 72,403,891
In Bank'g Dept	24,890,737	+ 22,403,891
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,394,223,175	+ 172,225,598
Other Securities	1,194,761,725	— 222,225,598
	8,600,000,000	— 50,000,000

NORTH AMERICAN NEWS

Jury awards SCM $12m in Xerox case

BY JOHN WYLES NEW YORK, August 10.

SCM CORPORATION was awarded damages of nearly $12m by a Connecticut jury in its record breaking anti-trust battle against Xerox Corporation.

If the award is eventually upheld, these damages could be tripled under anti-trust laws, but the thicket of legal argument which has already made this the longest ever jury trial in a Federal court will probably ensure that a final conclusion is still some way off.

The award, though, is substantially less than the $26.3m sought by SCM on the issues settled today. Xerox nevertheless plans to launch a challenge, although after the jury had pronounced its verdict the company said it was "pleased that the jury rejected the overwhelming portion of SCM's damage claim."

Last week the jury had sustained SCM's charge that it had been illegally excluded by Xerox from the market for plain paper copying machines. Today, it awarded $11.5m damages for SCM's exclusion from this market between 1969 and 1976, against the $18.3m which had been claimed.

In addition, SCM was granted $230,874 for losses caused by one of Xerox's marketing policies. Some $8m had been sought on this particular claim.

But the jury has still to rule on SCM's claim for $48.3m to cover profits lost in 1976 through exclusion from the plain paper copying market. The jury decided that the company would have earned $23.6m if it had been in this market in 1976, but it wanted more evidence to be presented before making a final assessment.

The jury has also to decide on SCM's claim for damages to its going concern value, although the judge has already ruled that SCM cannot suceed on this claim. However, he wants an assesment in case an appellate court should disagree with him.

Xerox's defence in the case, which began on June 20 last year, has been that its pre-eminence in the plain-paper copying market was due to superior technology and marketing expertise. Any disadvantage suffered by SCM, it was argued, was attributable more to a shortage of business ability in that company than to any tactics employed by Xerox.

FTC probes Grand Union bid for Colonial Stores

BY DAVID LASCELLES NEW YORK, August 10.

THE BID by Grand Union, Cavenham's U.S. susbidiary, for Colonial Stores, the Atlanta-based supermarket chain, is being formally investigated by the Federal Trade Commission to see whether it violates the anti-trust laws, Colonial Stores announced today.

According to the company, Mr. Ernest Boyce, the chief executive officer, has been asked to appear before an "investigational hearing" in Washington tomorrow to produce documents relating to the proposed acquisition. However, the Colonial Board, which has just accepted Cavenham's offer after resisting it for several weeks, said today it is still deliberating whether to turn over requested documents to the FTC. The FTC has not subpoenaed them, a spokesman noted.

While it was still fighting Grand Union's bid last month, Colonial Stores said it had been advised by its counsel that the merger, which is being arranged with Cavenham's U.S. subsidiary, Grand Union Stores, would raise serious questions under the anti-trust laws, and it said the FTC was keeping an eye on the situation.

Since then, however, Grand Union raised its offer from $30 to $35 a share, and on August 1, Colonial voted to recommend acceptance. At the time, Colonial also agreed to drop all litigation against Grand Union, and said its management would move to facilitate the merger. The tender offer began earlier this week.

ICC halts rail share purchases

NEW YORK, August 10.

THE ORDER by the Interstate Commerce Commission requiring Southern Pacific to halt its purchases of Seaboard Coast Line Industries' stock is the latest move in an on-again off-again effort begun in January.

Merger talks between the two companies were called off by Seaboard on May 18, but Southern Pacific resumed purchases of Seaboard stock in June.

Chase REIT settlement

BY DAVID LASCELLES NEW YORK, August 10.

CHASE Manhattan Mortgage and Realty Trust, the Real Estate Investment Trust (REIT), which defaulted on some $38m worth of notes and interest in May, announced that its creditor banks had unanimously approved in principle a programme to restructure its debts under the shelter of the bankruptcy laws.

This calls for repayment of the $36.79m principal amount due in May. However, creditors will not be getting the $1.4m in interest. Cash for this will be generated by the sale of Trust assets plus a $20m bank loan. Bank creditors, who are owed $170m including the new $20m loan, will be paid by the transfer of Trust assets when the restructuring plan is confirmed.

ITT sees further record result

NEW YORK, August 9.

RECORD RESULTS for 1978 are forecast by International Telephone and Telegraph, which reported a rise of 11.5 per cent in second-quarter net profits to $184.6m.

Earnings per share moved up to $1.35 from $1.22, with sales increasing from $3.2bn to $3.7bn. For the first six months, ITT achieved net profits of $341.6m against $308.8m—$2.50 a share against $2.30—on revenues of $7.03bn compared with $6.26bn.

ITT's president and chief executive, Mr. Lyman C. Hamilton, commented that "there is every reason to believe that sales, net income and earnings per share for the full year 1978 will again reach record highs." A significant portion of the improvement would come from exchange rate gains.

These have made a solid contribution so far this year, accounting for 23 cents of per share earnings in the second quarter against an 11 cent loss last year, and one of 36 cents in the first half compared with a four cent rise.

Agencies

MAN describes year's profit as satisfactory

BY JONATHAN CARR BONN, August 10.

ONE of West Germany's leading commercial vehicle and engineering companies, MAN (Maschinenfabrik Augusburg-Nuernberg) reports a "satisfactory result" for the year ended June 30 allowing payment of an appropriate dividend.

A letter to shareholders from the company, which is largely owned by Gutehoffnungshuette, Europe's largest engineering group, gives no profit figures. In 1976-77 net profit rose by nearly 10 per cent to DM 60.1m ($30m) and a 12 per cent dividend was paid.

The company does reveal, however, that parent company sales were up by 8 per cent to DM 4.4bn while group sales (including domestic subsidiaries in which MAN has at least a 50 per cent stake) rose by 6 per cent to DM 6.7bn.

Group order intake was down from DM 7.7bn to DM 6.8bn, and that of the parent company from DM 4.7bn to DM 3.7bn. This picture is partly distorted because of a special order worth DM 900m from the Federal armed forces included in the 1976-77 figures.

However, the company notes it has met intensified problems including the sudden plunge of the dollar and higher German labour costs.

The breakdown by sector shows marked differences of performance clearly reflecting some of the current problem areas within the West German economy.

Sales of ships' diesel motors dropped markedly, as a consequence of the depressed condition of domestic yards. Orders were also hard to come by for engineering products involved in energy production.

Not only were few power stations being ordered but demand in this sector from abroad was often associated with financing difficulties and demand for barter deals.

Against that sales of both lorries and buses were up by about 8 per cent, the former to about 18,500 units the latter to 2,800. Sales of printing machinery rose sharply

Credit Suisse hints at Winefood sale date

BY JOHN WICKS ZURICH, August 10.

CREDIT SUISSE does not expect to sell the Italian Winefood Group before 1981 or 1982. The bank's policy is to divest itself of all non-bank participations in Italy but not under the pressure of any short-term time-scales.

This is stated by the bank's managing director Mr. R. A. Jeker in an interview with the Zurich weekly Schweizerische Handels Zeitung. Mr. Jeker said he expected the sales value of the participations to be increased by a restructuring which would take some three to four years.

Credit Suisse, which acquired control of Winefood and other Italian companies as a result of the take-over last year of assets of the Liechtenstein Texon-Finanzanstalt group, is "constantly negotiating with various interests on possible sales in all sectors."

The assets of Texon were pledged to Credit Suisse in April 1977 following the improper channelling of some SwFr 1.2bn of clients' funds from the bank's Chiasso branch to Texon.

Disposals of companies by the Texon group which have already been made or are foreseen for the immediate future have totalled only "several tens of millions of Swiss francs."

THE CAR INDUSTRY CLOSES THE BOOKS ON 1978

Stronger sales but tighter margins

BY JOHN WYLES IN NEW YORK

WHILE THE calendar year still has nearly five months to run, the car companies of Detroit are preparing to close the books on 1978. Their new year begins with the launching of new models in September and October, and Detroit is currently ringing with prayers that the new car market will have lost none of its virility.

On current trends, calendar 1978 will probably be an extremely good year for unit sales, although not as correspondingly profitable, and earnings at both General Motors and Ford look likely to be down on last year. Chrysler, which announced last night that it is pulling out of Europe, will almost certainly be in the red.

Domestically produced passenger cars look set to reach 9.3m units, second only to the 9.67m *sold in 1973, but when truck* deliveries are added, unit sales could reach a record 12.9m compared with 12.58m in 1973.

The recent quarterly earnings figures published by the three major companies, General Motors, Ford and Chrysler, indicate that every one of these unit sales is badly needed to generate revenue at a time of rising costs and record investment needs. GM's worldwide car and truck shipments rose by 4 per cent on last year's second quarter and Ford's by 9 per cent. Dollar sales performed even better — GM managed a 14 per cent increase, and Ford 22 per cent. Profits, however, were much more difficult to come by. Ford was restricted to a mere 1.8 per cent increase in net income and actually suffered a drop in profits from its North American operations, while GM managed a 1 per cent increase in net income. Meanwhile, among the *ranks of the walking wounded,* Chrysler's quarterly profits slumped by 66 per cent, and American Motors advanced largely because of a $3m tax credit and booming sales of its Jeep utility vehicles. Passenger car sales by both Chrysler and AMC are so far running behind last year's totals.

Profit margins are clearly falling, and there is some suspicion that if truck demand were not flying high, there would be much headshaking within the U.S. auto industry and a stronger impetus towards substantially higher prices. Both GM and Ford have nailed themselves to the cross of the Carter Administration's anti-inflation policy, and after taking previous price increases into account, they cannot push up their 1979 model prices by much more than 4.5 per cent without risking public condemnation. While suffering something of a pricing straitjacket, and anxious *not to depress volume sales next* year, which will almost certainly see a "softer" market, the companies are increasingly struggling against a less profitable sales mix on passenger cars.

The need to satisfy the government's fuel economy legislation, which decrees that total fleet sales should return an average fuel consumption of 18 miles to the gallon this year, has forced not only record capital investment levels but also a heavy marketing emphasis on the smaller sub-compact and compact vehicles. As a result, total volume sales of sub-compact vehicles were 29 per cent higher in the first six months of this year and compact sales were up 4 per cent.

than at the start of the model

It has long been a fact of life in the motor industry that small cars are less profitable than their bigger brethren, and the actual need to sell more has been a heavy burden.

In fact, this goes some way towards explaining the drop in Ford's North American profits. In order to maintain the sales volume of its Pinto and Bobcat sub-compacts in the face of competition from GM's Chevette, Chrysler's new Omni and Horizon, and from foreign imports, Ford has had to price these ageing models extremely aggressively. So aggressively, it seems, that in the case of the Pinto at least, Ford is selling at a loss.

This much was conceded by Mr. John Deaver, manager of Ford's economics department, before a Senate committee in June. Questioned by Senator Frank Church, Mr. Deaver stressed that the fuel economy standards required the company to sell a substantial volume of small vehicles with a high fuel economy, "so we really have no choice but to sell as many of *these small vehicles as are required to meet the fuel economy* average."

Mr. Deaver confirmed that Ford was not producing Pinto's because it could make a profit on them, and that if the law did not require an average mileage increase year by year, there would be no economic incentive to produce the model.

Despite this pricing policy, Ford's share of the sub-compact market has fallen by 12.3 per cent because of declining Pinto and Bobcat sales. The gainer has been Chrysler, whose Omni and Horizon models have also taken market share from both GM and AMC, and accounted for 18.7 per cent of sub-compact sales in the first half of the year. But Chrysler cars have lost market share in just about every other category except intermediate size, and there is little doubt that this troubled company would have been in dire straits but for these two small cars

The Detroit companies as a whole have been deriving some welcome relief from the fall of the dollar, particularly against the yen. Each price rise forced on the Japanese manufacturers by the appreciation of their currency has been followed this year by an increase in GM and Ford small cars, which are now costing up to 11 per cent more year last autumn. Japanese cars, however, are now costing an average of $800 or 15 per cent more than at their autumn launch, and it is somewhat surprising to many observers that their sales have not been more seriously hurt. By the end of July, Toyota's sales had fallen by nearly 30,000 units and Datsun by nearly 20,000. These have been somewhat offset by markedly higher sales by Honda and Subaru, so that Japan's total share of the import market is barely changed at around 68 per cent.

Imports, moreover, continue to retain a substantial grip on the U.S. market, and amounted to nearly 18 per cent of all vehicles sold by the end of July. This is less than 0.5 per cent short of their entire 1977 market share.

TOTAL U.S. CAR SALES

	1978*	1977*
Domestic	5,593,344 (82.1%)	5,468,159 (81.3%)
Import	1,216,665 (17.9%)	1,261,450 (18.7%)
Total	6,810,009 (100.0%)	6,729,609 (100.0%)

COMPANY CAR SALES

	1978*	1977*
General Motors	3,158,066	3,082,554
Ford	1,609,459	1,520,862
Chrysler	718,283	750,137
AMC	107,536	114,606

* All figures to the end of July.

Source: Ward's Automotive News.

Brown Boveri in U.S. deal

BY OUR OWN CORRESPONDENT ZURICH, August 10.

SWISS engineer BBC Brown Boveri and Co., is to form with Gould Inc., of the U.S. a joint venture in the electricity transmission and distribution equipment business.

The new undertaking, Gould-Brown Boveri, will be aimed primarily at the manufacture of high and medium-voltage switchgear, particularly in the field of hexa-fluoride technology.

Gould will contribute its electrical systems division to the joint venture, with manufacturing and machinery assets and an established sales network in the U.S., Canada and Australia, the Swiss partner will inject $35m worth of capital. Brown Boveri will also provide, within a licence agreement, technical patents and knowhow in exchange for licensing fees.

Gould's electrical systems group division, formerly a part of Imperial Corporation, employs 4,800 persons in several plants and had a 1977 turnover of about $200m.

EUROBONDS

UDS issue now expected

BY MARY CAMPBELL

GERMAN bond market reports last night suggested that as a result of this week's improvement in market conditions, the DM 65m five-year issue for the British company, United Drapery Stores, postponed last week, is now being revived.

The issue could not be confirmed last night with the lead manager, BHF-Bank, but launching was expected imminently.

The reports suggested that the terms would include a 5¾ per cent coupon with the pricing indicated at a discount, probably 99.

The German bond market continued to improve yesterday. More surprisingly, demand for dollar straight bonds continued firm, dealers said, despite the fact that Eurodallar interest rates showed signs of reversing recent falls by edging up slightly for the first time in two weeks.

● Euroclear is to accept the next two scheduled yen foreign bond issues, for Denmark and New Zealand respectively, for custody and settlement in Euroclear. In accepting these two issues, Euroclear announced that it is testing the effectiveness of the procedures it has worked out for the handling of yen foreign bonds, and that it planned subsequently to accept new issues and issues already outstanding.

Euroclear explained that its decision to launch its new service at this time was based on discussion with the Japanese Ministry of Finance, the Bank of Japan and representatives of the Japanese banking and securities industries.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8¾pc 1989	97¾	98½
AMEV 8pc 1987	95½	96½
Australia 8¼pc 1993	99⅞	100¼
Australian M & S 9½pc '92	98	98½
Barclays Bank 8½pc 1992	93½	94½
Bowater 9½pc 1992	99	99½
Can. N. Railway 8¾pc 1986	95½	96
Credit National 8½pc 1986	96½	97½
Denmark 8½pc 1984	98¾	99¼
ECS 9pc 1993	99½	100
ECS 8¾pc 1997	95¾	96
EIB 8¼pc 1992	96½	97½
EMI 9½pc 1989	99½	100
Ericsson 8¾pc 1989	97⅞	98½
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8¼pc 1984	98½	99
Hamersley 9½pc 1992	101	101½
Hydro Quebec 9pc 1992	97½	98
ICI 8¾pc 1987	96½	97
ISE Canada 9¼pc 1986	103½	104
Macmillan Bloedel 9pc 1992	96⅞	97½
Massey Ferguson 9¼pc '91	98½	99
Michelin 9¼pc 1988	100½	101½
Midland Int. Fin. 8⅝pc '92	97	97½
National Coal Bd 8pc 1987	93½	94½
National Wstmnstr. 9pc '86	101½	102
Nat'l Wstmnstr. 9pc '86 'B'	101⅞	102½
Newfoundland 9pc 1989	100½	101
Nordic Inv. Bank 8⅞pc 1988	97⅞	98½
Norges Kom. Bk. 8½pc 1992	95⅞	96½
Norpipe 8¾pc 1989	96½	97½
Norsk Hydro 8½pc 1992	95½	96
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1995	96½	97
Prov. Saskatchwn. 8¾pc '86	97½	98½
Reed International 9pc 1987	92	94
RHM 9pc 1992	95½	96½
Selection Trust 8¾pc 1989	91	92
Shell Intl. Fin. 8¾pc 1990	95½	96½
Skand Enskilda 9pc 1991	98⅞	99½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8¾pc 1987	95	95½
United Biscuits 9pc 1989	98½	99½
Volvo 8pc 1987 March	94	94½
NOTES		
Australia 7½pc 1984	93½	94½
Bell Canada 7½pc 1987	96½	97½
Br. Columbia Hyd 7⅞pc '85	94½	95
Can. Pac. 8¼pc 1984	98½	[illegible]
Dow Chemical 8pc 1986	97½	98
ECS 7¾pc 1982	94½	95½
ECS 8¼pc 1989	94⅞	95
EEC 7½pc 1982	95⅞	96½
EEC 7¾pc 1984	[illegible]	95½
Enso Gutzeit 8½pc 1984	98	98⅞
Gotaverken 7⅞pc 1982	95½	96
Kockums 8pc 1983	96⅞	97½
Michelin 8¾pc 1983	98⅞	99½
Montreal Urban 8¾pc 1981	99½	100½
New Brunswick 8pc 1984	97½	98
New Bruns. Prov. 8¾pc '83	99½	100
New Zealand 8½pc 1986	95⅞	96½
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1982	95½	96½
Norway 7¼pc 1982	93½	94½
Ontario Hydro 8pc 1987	93½	94½
Singer 8¾pc 1982	99½	100
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	94⅞	95½
Swedish State Co 7¾pc '82	95½	96
Telmex 9½pc 1984	99½	100½
Tenneco 7⅞pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	89½	90½
STERLING BONDS		
Allied Breweries 10½pc '90	90⅞	91⅞
Citicorp 10pc 1993	93½	94½
Courtaulds 9½pc 1989	90½	91½
ECS 9¾pc 1989	94⅞	95⅞
EIB 9¾pc 1988	98½	99½
EIB 9¾pc 1992	94½	95½
Finance for Ind. 9¾pc 1987	92½	93½
Finance for Ind. 10pc 1989	94½	95½
Fisons 10½pc 1987	98½	99½
Gestetner 11pc 1988	93⅞	94⅞
INA 10pc 1988	93⅞	94⅞
Rowntree 10¾pc 1988	91½	92½
Sears 10½pc 1988	93½	94½
Total Oil 9¾pc 1984	90⅞	91⅞
DM BONDS		
Asian Dev. Bank 5½pc 1988	93½	94½
BNDE 6¾pc 1986	96	97
Canada 4¾pc 1983	97½	98½
Den Norske Ind. Bk. 6pc '90	97½	98½
Deutsche Bank 4¾pc 1983	96½	97½
ECS 5½pc 1990	91	92
EIB 5½pc 1990	91	92
Elf Aquitaine 5½pc 1988	93	94
Euratom 5½pc 1987	96	97
Finland 5½pc 1986	94½	95½
Forsmarks 5¾pc 1990	94½	95½
Mexico 6pc 1985	94½	95½
Norcem 5¾pc 1989	98	99
Norway 4½pc 1983	96½	97½
Norway 4½pc 1983	95	96
PK Banken 5½pc 1988	94½	95½
Prov. Quebec 6pc 1990	95½	[illegible]
Rautaruukki 5¾pc 1988	93	94
Spain 6pc 1988	94½	95½
Trondheim 5¾pc 1988	94½	95½
TVO Power Co. 6pc 1988	95½	96½
Venezuela 6pc 1988	94	95
World Bank 5½pc 1990	95	96
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¼pc	99	99½
BFCE 1984 8¼pc	98⅞	99½
BNP 1983 8 1/16pc	99⅞	100⅛
BQE Worms 1985 9pc	97½	98⅛
CCF 1985 8½pc	98½	99⅛
Chase Manhttn. '93 9 5/16pc	98	98½
Creditanstalt 1984 8¼pc	98⅞	99⅛
DG Bank 1982 9pc	99½	100
GZB 1981 8 1/16pc	99⅞	100⅛
Intl. Westminster 1984 8pc	98½	99½
Lloyds 1983 8 15/16pc	99⅞	100⅛
LTCB 1983 8pc	98⅞	99⅛
Midland Int. FS '87 8 9/16pc	98½	99
Midland Int. FS '93 8 7/16pc	98⅞	99½
Nat. Wstminstr. '90 9 5/16pc	98⅞	99½
OKB 1983 9¼pc	99½	100¼
SNCF 1985 8 5/16pc	99	99½
Stand. and Chtrd. '84 8¾pc	98⅞	99⅛
Source: White Weld Securities, London.		
CONVERTIBLES		
American Express 4¼pc '87	82	83½
Ashland 5pc 1988	101	102½
Babcock & Wilcox 7pc '92	123½	124½
Beatrice Foods 4½pc 1992	99	100½
Beatrice Foods 6¾pc 1992	112	113½
Beecham 6½pc 1992	113½	114½
Borden 5pc 1992	98	99½
Broadway Hale 4¼pc 1987	76½	78
Carnation 4pc 1987	78½	80
Chevron 5pc 1988	132½	134
Dart 4¾pc 1987	82½	84
Eastman Kodak 4½pc 1988	87	88½
Economic Labs. 4½pc 1987	77½	79
Firestone 5pc 1988	77½	79
Ford 5pc 1988	85	86½
General Electric 4¼pc 1987	84	85½
Gillette 4¾pc 1987	77	78½
Gould 6pc 1987	126½	128
Gulf and Western 5pc 1988	89½	91
Harris 5pc 1992	210	212
Honeywell 6pc 1986	87½	89
ICI 6¾pc 1992	83½	84½
INA 6pc 1997	98½	100
Inchcape 6¾pc 1992	110	111½
ITT 4½pc 1987	79	80½
Jusco 6pc 1992	121½	122½
Komatsu 7½pc 1990	140½	141½
J. Ray McDermott 4¾pc '87	140	142
Matsushita 6¼pc 1990	193½	195
Mitsui 7¼pc 1990	137½	138½
J. P. Morgan 4¾pc 1987	101½	103
Nabisco 5½pc 1988	103	104½
Owens Illinois 4½pc 1987	126	127½
J. C. Penney 4½pc 1987	77	78½
Revlon 4¼pc 1987	140½	142
Reynolds Metals 5pc 1988	86	87½
Sandvik 6½pc 1988	119	120
Sperry Rand 4¼pc 1987	98½	100
Squibb 4¼pc 1987	83½	85

Source: Kidder, Peabody Securities.

INTL. FINANCIAL AND COMPANY NEWS

Bastogi to merge with property group

By Paul Betts

ROME, August 10.

A MERGER of Bastogi, Italy's oldest and largest financial company, with the Rome-based property and construction group Istituto Romano di Beni Stabili is now understood to be imminent. Negotiations are at an advanced stage, and details of the deal are expected to be disclosed to shareholders next month.

Bastogi currently controls the property group with a 51 per cent shareholding, and the merger is seen here as part of the financial company's reorganisation programme under its new chairman, Sig Alberto Grandi, formerly vice chairman of the Milan chemicals conglomerate Montedison.

The reorganisation programme, which is also expected to include the sale of some of Bastogi's interests in a number of other companies, aims at concentrating the financial group's activities in a specific range of specialised sectors, and giving it more active control of its interests.

These new specialised sectors are likely to take in Bastogi's interests in the property, mechanical, agricultural and engineering fields.

However, Bastogi still has to resolve the problem of its interests in the troubled Montedison group, which is currently seeking to increase its capital by no less than Lire 500bn, or some $580m. Bastogi holds 27.6 per cent of Montedison, representing the single largest private shareholding in the loss-making and heavily indebted chemicals group.

Bastogi itself reported losses of L47bn last year, compared with L7.6bn in 1976, mainly as a result of the devaluation of its holding in Montedison.

Arab group to sell stake in La Ciotat

By David White

PARIS, August 10.

A FRESH question mark hangs over the future of the large La Ciotat shipyards, near Marseille. The chairman of the group of Arab interests which holds the *controlling shareholding* has announced that the stake will be sold to the French government, but the government has shown no sign of wanting to buy it.

The announcement, made by Mr. Shafik Mouharram, chairman of the Lebanon-based Intrabank in Beirut, was greeted with surprise in official French circles.

Intrabank, which groups mainly Kuwaiti, Qatar and Lebanese official funds, holds 89 per cent of the La Ciotat shipyards' capital through three separate subsidiaries. The value of the shareholding is put at FFr 68m. ($15m).

The remaining 11 per cent is held by French private sector interests, including the Suizer and Worms groups.

The announcement follows heavy labour cutbacks at the yards, which have suffered from lack of work along with the rest of the French shipbuilding industry. Most of the 6,000-strong work force was put on short time in May, and in July, with six vessels under construction and no more orders to follow, the company laid off 1,300 workers.

Sales rise at Air Liquide

PARIS, August 10.

FIRST half sales higher by more than a fifth are announced by Air Liquide, the French producer of industrial gases.

Sales for the six months to June 30, of 1978 are FFr 1.24bn compared with FFr 10.2bn. The group's U.S. operations, Liquid Air Corporation, increased first half turnover to $154.5m from $145.7m.

● Interest receipts of Cie des Machines Bull SA for the year ended June 30, amounted to FFr 6.68m, while portfolio revenues emerged at FFr 22.73m. The company's previous financial period ran for 18 months, but in the year to end-June 1977 receipts totalled FFr 7.83m with portfolio revenues amounting *to FFr 30.59m.* Reuter

Multi-currency loans for Japanese trading houses

BY YOKO SHIBATA

TOKYO, August 10.

THE FIRST impact loans with a multi-currency clause are to be permitted by the Ministry of Finance for a trading company at the end of this month, it was disclosed here today.

With the sharp appreciation of the yen, Japanese export-oriented companies, particularly trading houses, are turning to impact loans or to the issue of foreign currency denominated bonds in order to hedge against exchange losses on their long term credits, such as those extended on plant exports. An impact loan is a foreign currency loan raised by a Japanese company from foreign banks with a guarantee from a Japanese bank in Japan. Multi-currency clause is a condition in a loan agreement allowing the borrower to switch currencies during the life of the loan. According to the Ministry of Finance, multi-currency clause impact loans have not been taken up because of strict Japanese foreign exchange controls.

The barrier on impact loans with multi-currency clauses was removed, however, by the liberalisation of the foreign exchange controls from April 1. Since then several foreign banks in Japan (mainly American) have sounded the Ministry on taking up such loans. A Ministry of Finance official said that foreign banks in Japan are facing difficulties because of the liquidity of the banking system, and because the higher rates they charge are resisted by Japanese companies.

These have been repaying impact loans prior to expiration date. Multi-currency clauses, it is hoped, may attract borrowers back into impact loans.

In the case of short-term credits, of less than one year, such as for television or car exports, trading houses are able to hedge against exchange risks by contracting in the forward exchange market. However, in the case of plant exports involving long term credits, they have to meet exchange risks stemming from foreign currency-based export credits by matching them with impact loans. Multi-currency clauses would reduce the cost of this since a borrower is able to switch to currency loans with a more attractive exchange rate or lower coupon rate.

Government sources argue that currency switches require skilled operation. Borrowers familiar with exchange fluctuations or settlement of exchange differences between the new currency and the former are limited, it is said. At present, some petrochemical and steel companies are also sounding the Ministry on taking up impact loans with a multi-currency clause, but the Ministry is to limit them to trading houses, which have highly developed information networks on currency fluctuations.

OFFSHORE BANKING TAX

Hong Kong moves to ease Bill

BY ANTHONY ROWLEY

HONG KONG, August 10.

UNDER PRESSURE from the local and international financial community here, the Government has agreed to take a number of amendments to the controversial Inland Revenue (Amendment) Bill, 1978.

Broadly, the Bill, which was introduced in March this year, proposes to tax banks on their "offshore" profits—a proposal which has caused alarm given the standing of Hong Kong as an international finance and loan syndication centre.

Traditionally, banks, like other types of business here, have no tax on earnings derived from outside the Colony, but the Government now proposes introducing a 17 per cent rate on the net profits which banks earn from interest on offshore loans. The reasoning is that, unlike other forms of business, many banks here derive the bulk of their earnings offshore and so do not pay their "fair" share of tax.

The banks were up in arms over the proposal and threatened to move their offshore loan portfolios to rival centres, such as Singapore, where offshore tax is *levied at only 10 per cent.* The Government has now proposed a number of amendments to soften the Bill, although its basic principle remains intact.

The amendments will be moved at a meeting of the official Legislative Council here on August 16, when the Bill receives its formal second reading.

An important amendment deletes the words "directly or indirectly" in relation to whether the interest which it is proposed to tax arises in Hong Kong. This apparently catch-all phrase incorporated in the Bill originally threatened to bring all types of foreign loans into the tax net, even those organised elsewhere and simply recorded as a book entry in Hong Kong.

Now the most important criterion remaining in the Bill for deciding whether or not a loan made by a Hong Kong-based bank is taxable or not is the stipulation that it must be made "without the substantial intervention of a branch elsewhere" in order to attract tax. In other words, if an international bank operating here *arranges an offshore loan principally through a* branch elsewhere—in the Asian dollar market in Singapore for instance—it will not be taxable.

This should bring some relief to the American and other international banks operating here, although one major bank is reported to have moved its portfolio to Singapore already, in anticipation of the new legislation.

Other amendments provide relief from double taxation where offshore interest earned by Hong Kong banks has already been taxed abroad, and also redefine the term "financial institution" to which the tax provisions will apply.

Under the amendment: "The tax will only be imposed on a bank licensed under the banking ordinance and a deposit-taking company registered under the deposit-taking companies ordinance, together with any company controlled by them."

A$16.6m rights by Lend Lease

BY JAMES FORTH

SYDNEY, August 10.

LEND LEASE Corporation, a major property group, is raising funds from shareholders for the first time in 16 years, after boosting profit a further 23 per cent, from A$12.23m to a record A$15.07m (U.S.$17.52m) in the year to June 30.

The directors have declared a rights issue on the basis of one new share for every five held to raise A$16.63m. Based on the market price of A$2.90 for Lend Lease shares, the theoretical value of the issue, after allowing for dividend difference, is A$1.01 a share, representing a significant bonus element for shareholders, the directors said.

The dividend is held at 12.5 cents for the year, including a final of 6.25 cents. It will be paid on capital increased during the year by a one-for-five scrip issue, and therefore represents an effective increase in the payment of 20 per cent. The latest results is equal to earnings of 30 cents a share covering the dividend 2.4 times.

Lend Lease has made five scrip issues since 1969. The latest result was achieved on a 2.9 per cent lift in revenue from A$247.5m to A$254.7m (U.S. $296.2m). The profit increase was in line with forecasts made by the directors at the halfway mark.

The directors said the rights issue was being made because the effects of high inflation had reduced the value of retained earnings, and because the group was entering a new era of expansion in Australia and abroad.

Turnover had been relatively constant over the past three years with efforts being concentrated on improving earnings in a difficult market. The directors said the indications were that in the years ahead an increased volume of revenue would be obtained giving rise to the need for additional working capital.

In Australia an extensive development programme was in progress with 11 major retail centres valued at more than A$100m scheduled to be opened over the next 18 months. Many involved a financing requirement during the construction period.

In other subsidiaries, new expansion was being planned. In the U.S., three wholly owned subsidiaries were established and operations in the U.S. would be intensified. It was proposed to provide A$5m during the current year for funding the U.S. operations.

In Asia the group was intensifying its activities and additional management support and resources were being allocated for this purpose.

The directors said they expected a continued profitable expansion of the group's activities in Australia, coupled with sound prospects for the new overseas activities, and forecast that the dividend rate would be maintained on the higher capital. The result excluded net extraordinary profits of A$2.4m, mainly from a A$4.4m increase in the value of land and buildings.

In 1976-77 the group incurred an extraordinary loss of A$2.3m, reflecting a A$4.4m write-down in the value of undeveloped landholdings.

First-half profits rise at SHK Securities

BY RON RICHARDSON

HONG KONG, August 10.

Sung Hung Kai Securities, the major Hong Kong broking house and financier, in which the French banking group, Compagnie Financiere de Paris et des Pays-Bas (Paribas) recently took an 11.5 per cent interest, has reported a 20 per cent rise in its interim profit to HK$24.7m (U.S.$5.3m).

The interim dividend has been raised by 1 cent to 8 cents. Last year the company followed up with a final payment of 7.5 cents to make an unchanged total of 14.5 cents. In a brief statement directors reported that total assets at mid-year had risen by 28 per cent from the end-1977 figure to HK$1.34bn.

The company will close its books on August 29 to determine entitlement to the interim dividend. About 8.4m of the 23.4m shares Paribas has acquired in Sun Hung Kai are entitled to the payment. The remaining new shares will rank for the final dividend. Paribas has an option exercisable between August 15 this year and April 15, 1980, to subscribe to additional new shares to take its total holding in the Hong Kong company to 25 per cent.

Yesterday it was revealed that Sun Hung Kai had applied to the Monetary Authority of Singapore for permission to establish a merchant bank in Singapore. The company aims to enter the Asiadollar market through a licensed Asian Currency Unit, as well as to operate in general merchant banking.

MEDIUM-TERM LOANS

ENI to borrow $200m from Japanese banks

BY FRANCIS GHILES

A GROUP of Japanese banks led by Sumitomo Bank is arranging a $200m 12-year loan with six years' grace for the Italian state hydrocarbons company ENI.

The borrower is paying a spread of ⅞ per cent for the first three years, rising by ⅛ of a point every three years, and a commitment fee of ½ per cent per annum on the undrawn portion of the loan. The proceeds of this loan are earmarked for general purpose external investments.

A *further* loan for ENI amounting to $100m is being negotiated currently, but terms are as yet undisclosed.

The Development Bank of the Philippines is refinancing $150m worth of various loans amounting to $300m contracted in 1976-1977. The new facility will carry a spread of 1 per cent for 10 years with a three year grace period.

This loan will be arranged by the banks which in 1976 and 1977 led various loans for the Development Bank of the Philippines: Bank of Montreal, Bankers Trust, Chase Manhattan, Citicorp, First Chicago and Manufacturers Hanover Trust.

The $200m loan for Taiwan Power Company which was shelved last week pending the solution of a dispute between Taiwanese government officials and the lending banks is now after all likely to be resuscitated, one of the four banks involved said yesterday. However, it will be smaller and on *different* terms from the abortive $200m deal.

The size of the loan is now expected to be $60-80m and the margin to rise from ⅞ per cent in the first four years to 1 per cent in the last four. The $200m loan had been scheduled at a margin of ⅞ per cent throughout. But there will be no state guarantee of the loan in its new form.

Like the previous deal, the new loan will be managed by Chase Manhattan Asia, Citicorp International, Grindlay Brandts Asia and Morgan Guaranty, but on a club basis.

The $300m loan for the Kingdom of Morocco is due to be signed in Rabat today. Figures on Moroccan debt supplied to the banks in connection with the $300m eight year loan arranged by a group of banks led by Bank of America (on a spread of 1 per cent) suggest that the state of the country's external finances has deteriorated in recent months.

The Kingdom's total external funded debt, which has doubled in the two years up to October 31 last year, increased by a further $1bn to an estimated $4.04bn in the eight months between that date and the end of June.

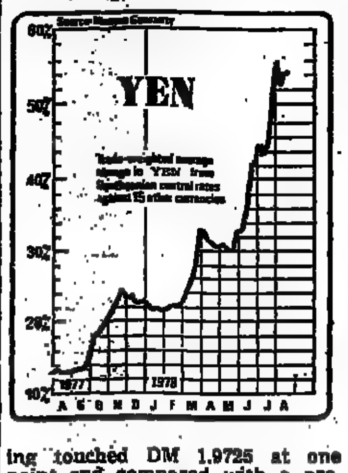
The debt service ratio (payments of principle and interest, as a percentage of exports) will increase from an estimated 15.1 per cent last year to an estimated 22.9 per cent this year. Two other sets of figures also point to the deterioration in the country's finances: gross international reserves, which stood at $566m at the end of last March (as against $532m at the end of last December) amounted to 2.2 months of 1977 imports and 177 per cent of 1977 debt service: at the end of last October the equivalent figures were 2.6 months and 247 per cent.

Part of the explanation for this deterioration lies in the poor performance of phosphate export *earnings: the total value of phosphates exported last year fell* slightly, from $489m in 1976 to $457 last year, while the average price per ton declined from $35 to $30, and the percentage of phosphate export earnings to total export earning declined from 39.3 per cent to 35 per cent. The average price per ton of phosphates has not changed significantly in the past six months.

Currency, Money and Gold Markets

Dollar falls in late trading

The dollar slumped against most major currencies in yesterday's foreign exchange market. For most of the day, the U.S. currency had traded fairly steadily but renewed fears towards the close of business, over further increases in the price of oil were enough to push the dollar to further record lows. Against the Swiss franc it slipped to SwFr 1.6790 after a low of SwFr 1.6700 and Wednesday's close of SwFr 1.6860. Similarly the West German mark gained at the dollar's expense to DM 1.9760, having touched DM 1.9725 at one point and compared with a previous close of DM 1.9830. The dollar was also affected by yesterday's publication of the U.S. Wholesale Prices Index. Although this showed a rise of only 0.5 per cent the market had geared itself to seeing a more significant slowdown.



Some sources reported intervention by New York's Federal Reserve Bank which could have explained the dollar's very slight recovery from the day's worst levels. Using Bank of England figures, the dollar's trade weighted index fell to 83.5 from 83.8 previously.

The yen was also firmer and closed at Y186.80 up from its previous finishing level of Y187.55. The French franc was notably firmer in the absence of any sustained dollar support action by the French central bank and improved to FFr 4.3075 from FFr 4.3462½.

Trading in sterling was fairly active but centred more on the forward market than spot dealings. The pound's discount against the dollar narrowed sharply to 2.63c from 3.20c at six-months and 4.75c compared with 5.35c for one-year. The pound opened at $1.9475-1.9485 and touched $1.9540-1.9550 before closing at $1.9525-1.9535, a rise of 40 points. Its trade weighted index, on Bank of England figures, ended unchanged at 62.4 after 62.4 at noon and 62.5 in the morning.

FRANKFURT—The dollar was fixed at DM 1.9861 against DM 1.9732 previously and at the fixing there did not appear to be any intervention by the Bundesbank in generally quiet trading. Against 22 other currencies, the Bundesbank trade weighted mark revaluation index fell to 147.2 from 147.8, or 1.9 per cent from the end of 1977.

In later trading the dollar was quoted at DM 1.9783. The Belgian franc was again below its floor against the Deutsche Mark within the European "snake" at DM 6.34 per hundred francs compared with DM 6.348 late on Wednesday and may have received some central bank support.

TOKYO—The dollar remained steady for most of the day's trading but fell away towards the close at Y187.25 compared with Y187.60 on Wednesday. After opening at Y187.80, good demand for the dollar especially in the forward dates, pushed the spot rate up to Y188.0 at one point. The volume of trading was moderate at $412m in spot turnover with combined forward and swap dealings accounting for $537m.

AMSTERDAM—The dollar was fixed at Fl 2.1550 which was slightly up from Wednesday's fixing of Fl 2.1420. In later trading the U.S. currency retreated to Fl 2.1460.

MILAN—At Thursday's fixing the dollar was slightly firmer at L834.55 from L834 on Wednesday while the Swiss franc fell more than 5 points to L492.15 at the fixing from L497.45.

ZURICH—In thin trading the dollar moved slightly higher to SwFr 1.6935 against the Swiss franc and DM 1.9865 against the D-mark.

THE POUND SPOT

Aug. 10	Bank rate %	Day's spread	Close
U.S. $	7¼	1.9455-1.9560	1.9520-1.9535
Canadian $	9	2.2085-2.2180	2.2140-2.2150
Guilder	4½	4.18-4.21	4.18½-4.19½
Belgian Fr.	6	60.60-61.10	60.80-60.90
Danish Kr.	8	10.62-10.67	10.64½-10.65½
D-Mark	3	3.85-3.88	3.85½-3.86½
Port. Esc.	18	87.30-88.40	87.90-88.15
Span. Pes.	8	146.80-147.40	147.00-147.10
Lira	11½	1,628-1,638	1,629½-1,628½
Nrwgn. Kr.	7	10.16-10.23½	10.22-10.23
French Fr.	9½	8.40-8.49	8.40½-8.41½
Swedish Kr.	6½	8.60-8.64	8.62½-8.63½
Yen	3½	360-366	364-365
Austria Sch	4½	27.80-27.95	27.82-27.87
Swiss Fr.	1	3.27-3.31½	3.27½-3.28½

Belgian rate is for convertible francs. Financial franc 63.65-62.75.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.67-0.57c pm	3.87	1.50-1.40c pm	2.97
Canadian $	0.65-0.55c pm	3.25	1.45-1.30c pm	2.48
Guilder	2¾-1¾ c pm	6.44	5⅞-4⅞ c pm	5.13
Belgian Fr.	25-15 c pm	5.54	55-45 c pm	3.29
Danish Kr.	1 ore pm-1 ore dis	par	3¼-4¾ ore dis	-1.41
D-Mark	3⅛-2⅛ pf pm	9.52	8¼-7¼ pf pm	8.05
Port. Esc.	40-160 c dis	-15.64	140-480 c dis	-14.09
Span. Pes.	50c pm-50c dis	par	80c pm-50c dis	0.41
Lira	½-2½ lire dis	-1.11	7-9 lire dis	-1.97
Nrwgn. Kr.	5-1 ore pm	2.85	4-2 ore pm	2.15
French Fr.	5-2 c pm	5.57	6-5 c pm	2.61
Swedish Kr.	2½-½ ore pm	1.74	4¾-2¾ ore pm	1.74
Yen	3.65-3.25 y pm	11.36	9.15-8.70 y pm	9.79
Austria Sch	20-10 gro pm	6.46	42-32 gro pm	5.31
Swiss Fr.	3⅝-2⅝ c pm	11.46	9-8 c pm	10.37

Six-month forward dollar 2.60-2.50c pm, 12-month 4.80-4.70c pm

THE DOLLAR SPOT

August 10	Day's spread	Close
Canad'n $*	0.8805-0.8825	0.8805-0.8808
Guilder	2.1505-2.1565	2.1505-2.1515
Belgian Fr	31.265-31.305	31.265-31.280
Danish Kr	5.4600-5.4750	5.4730-5.4750
D-Mark	1.9850-1.9865	1.9850-1.9860
Port. Es	—	75.47-75.52
Lira	834.25-835.80	834.25-834.55
Nrwgn. Kr	5.2300-5.2400	5.2320-5.2340
French Fr	4.3180-4.3525	4.3180-4.3205
Swedish Kr	4.4225-4.4320	4.4230-4.4250
Yen	186.80-187.60	186.80-187.00
Austria Sch	—	14.3150-14.3250
Swiss Fr	1.6878-1.6943	1.6878-1.6888

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
Canad'n $	0.05-0.03c dis	-0.53	0.12-0.09c dis	-0.47
Guilder	0.54-0.46c pm	2.43	1.18-1.08c pm	1.71
Belgian Fr	0.03c dis-0.01c pm	-1.51	0.03c dis-0.01c pm	-0.51
Danish Kr	—		—	
D-Mark	0.89-0.84pf pm	4.94	2.52-2.47pf pm	4.80
Port. Es	—		—	
Lira	3.05-3.45lire dis	-4.86	9.85-10.60lire dis	-5.09
Nrwgn. Kr	—		—	
French Fr	par-0.10c dis	-0.93	0.50-0.70c dis	-1.22
Swedish Kr	—		—	
Yen	1.25-1.10y pm	7.59	3.25-3.10y pm	6.43
Austria Sch	—		—	
Swiss Fr	1.15-1.10c pm	7.99	3.22-3.17c pm	7.60

CURRENCY RATES

August 10	Special Drawing Rights	European Unit of Account
Sterling	0.653937	0.664845
U.S. dollar	1.27302	1.29453
Canadian dollar	1.44310	1.46837
Austrian schilling	18.2424	18.5317
Belgian franc	39.8646	40.5381
Danish krone	6.95896	7.07638
Deutsche Mark	2.52835	2.57087
Guilder	2.74797	2.79971
French franc	5.50134	5.59094
Lira	1062.34	1080.79
Yen	239.200	242.26
Norwegian krone	6.66417	6.77572
Peseta	95.9463	97.7491
Swedish krona	5.63621	5.72408
Swiss franc	2.15084	2.18481

CURRENCY MOVEMENTS

August 10	Bank of England Index	Morgan Guaranty changes %
Sterling	62.48	-40.8
U.S. dollar	83.55	-10.1
Canadian dollar	82.96	—
Austrian schilling	141.22	+19.3
Belgian franc	110.72	+11.8
Danish krone	114.03	+4.6
Deutsche Mark	142.09	+36.8
Swiss franc	195.73	+97.1
Guilder	128.61	+17.5
French franc	99.38	-5.3
Lira	55.71	-47.1
Yen	156.27	+54.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Aug. 10	£	$		£	Note Rates
Argentina Peso	1,684-1,689	861.00-863.11	Austria		27.30-28.30
Australia Dollar	1.6770-1.6840	0.8615-0.8629	Belgium		62-63
Finland Markka	7.9900-7.8015	4.1015-4.1035	Denmark		10.50-10.65
Brazil Cruzeiro	35.51-36.51	18.09-18.59	France		8.37-8.47
Greece Drachma	69.962-71.660	35.82-36.70	Germany		3.80-3.90
Hong Kong Dollar	9.14-9.16	4.6940-4.6960	Italy		1595-1625
Iran Rial	134-140	68.61-71.68	Japan		362-372
Kuwait Dinar (KD)	0.523-0.533	0.2678-0.2729	Netherlands		4.10-4.25
Luxembourg Franc	60.60-60.90	31.14-31.17	Norway		10.10-10.20
Malaysia Dollar	4.4710-4.4845	2.2910-2.2925	Portugal		84-89
New Zealand Dollar	1.8550-1.8650	0.9494-0.9504	Spain		144-147
Saudi Arab. Riyal	6.54-6.64	3.35-3.39	Switzerland		3.15-3.25
Singapore Dollar	4.554-4.574	2.3420-2.3430	United States		1.9275-1.9375
South African Rand	1.6870-1.7045	0.8658-0.8729	Yugoslavia		37-37.40

Malaysia dollar 9/8/78 should have read 4.4710-4.4845. Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Aug. 10	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.955	3.865	364.5	8.410	3.280	4.190	1626.	2.215	60.85
U.S. Dollar	0.512	1.	1.978	186.5	4.306	1.679	2.145	832.5	1.134	31.16
Deutsche Mark	0.259	0.506	1.	94.37	2.177	0.849	1.085	421.0	0.575	15.75
Japanese Yen 1,000	2.745	5.358	10.60	1000.	23.07	8.999	11.50	4461.	6.075	166.9
French Franc 10	1.189	2.322	4.595	435.4	10.	3.990	4.982	1935.	2.635	72.35
Swiss Franc	0.305	0.595	1.178	111.1	2.564	1.	1.277	496.7	0.675	18.55
Dutch Guilder	0.239	0.466	0.922	86.99	2.007	0.783	1.	388.1	0.529	14.52
Italian Lira 1,000	0.615	1.201	2.375	224.2	5.172	2.017	2.577	1000.	1.362	37.42
Canadian Dollar	0.452	0.882	1.744	164.6	3.798	1.481	1.892	734.3	1.	27.48
Belgian Franc 100	1.643	3.210	6.348	599.0	13.82	5.390	6.886	2672.	3.639	100.

EURO-CURRENCY INTEREST RATES*

Aug. 10	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10⅝-10⅞	8-9	7¾-8	4⅞-5⅛	-⅛-⅛	2⅛-2⅝	7¼-7½	7-10	—	-3½-5½
7 day notice	11⅛-11⅜	8-9	7¾-8	4⅞-5⅛	-⅛-⅛	2⅛-2⅝	7½-7¾	11-12	7⅞-8⅛	-1⅛-1½
Month	12¼-12¾	8¼-8⅝	7⅞-8⅛	5⅛-5⅜	[illegible]	2¾-2⅞	6⅝-6⅞	11½-12½	[illegible]	[illegible]
Three month	11¾-12¼	8⅜-8⅞	8⅜-8⅝	6⅜-6⅝	[illegible]	3⅛-3¼	[illegible]	12½-13½	8⅜-8½	1¼-1⅜
Six month	11⅝-12⅛	8⅝-9⅛	8⅝-8¾	6⅞-7⅛	1⅛-1⅜	3⅜-3⅝	9⅝-10⅛	13½-14½	8⅝-8¾	[illegible]
One year	11⅝-12	[illegible]	8⅞-8⅞	7⅛-7⅜	1⅛-1¼	3⅞-4⅛	10⅛-10⅝	14-15	8⅞-8⅞	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 7.95-8.05 per cent; three months 8.15-8.23 per cent; six months 8.33-8.88 per cent; one year 8.65-8.75 per cent.

Long-term Eurodollar deposits: two years 9⅛-9⅜ per cent; three years 9⅛-9⅜ per cent; four years 9[illegible]-9[illegible] per cent; five years 9⅛-9⅜ per cent nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates higher

Treasury bill rates were generally firmer yesterday with 13-week bills quoted at 6.78 per cent from 6.72 per cent late on Wednesday and 26-week bills at 7.19 per cent from 7.15 per cent. One-year bills were also higher at 7.58 per cent compared with 7.52 per cent. Rates seem to be firmer ahead of U.S. money supply figures and disappointment over the Wohlesale Price Index report. Federal funds were trading at 7⅞ per cent, unchanged from earlier in the day and 7⅞ per cent on Wednesday. Certificates of deposit were unchanged throughout.

Bankers acceptance offered rates were unchanged throughout from 7.65 per cent for 30-days to 8 per cent for 180-days. Similarly high grade commercial paper rates remained static from 7⅞ per cent for 30-days through to 7.90 per cent for 90-days.

FRANKFURT—Interbank money market rates were mostly unchanged although call money was cheaper at 2.95 per cent compared with 3.05 per cent on Wednesday. The one-month rate stayed at 3.5 per cent three-month at 3.7 per cent and six-month 4.15 per cent. At its fortnightly meeting, the Bundesbank Central Bank Council left credit policy unchanged. The market was not expecting any changes as this was the Council's first meeting after its summer break.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were generally easier with the one-month rate falling to 7¼-7½ per cent from 7½-7¾ per cent, while three-month stayed at 7¼-7½ per cent. Deposit rates for six-months were quoted at 7⅝-7⅞ per cent, down from 7¾-8 per cent as was the one-year rate at 7¾-8 per cent against 8¼ per cent previously. Call money was unchanged from Wednesday at 3.5 per cent.

PARIS—Money market rates were mostly unchanged but call money was easier at 7½ per cent from 7⅝ per cent while the one- and three-month rates were static at 7⅜-7½ per cent and 7½-7⅝ per cent respectively. Six-month money rose to 7⅞-8 per cent from 7¾-7⅞ per cent and the 12-month rate was unchanged at 8⅛-8⅜ per cent.

AMSTERDAM—Call money was quoted at 4¾ per cent compared with 4½-5 per cent previously. Longer term interbank money market rates were unchanged at 6-6¼ per cent for one-month, 6½-6¾ per cent for three-month and 7-7¼ per cent for six-month.

ROME—The Bank of Italy is to offer L5.75 trillion of Treasury bills at its monthly auction on August 30. Maturities during the same month will amount to some L5.5 trillion of which the Bank owns L309bn.

HONG KONG—Money market conditions were again easy with call money quoted at 5½ per cent and overnight money business dealt at 5¼ per cent.

GOLD

Stronger tendency

Gold improved $1½ an ounce in the London bullion market yesterday to finish again at a record close of $207¼-208. Trading was fairly active and the metal opened at $205¾-206¼ to be fixed at $205.85 in the morning and $206.50 in the afternoon. Late dollar weakness prompted further buying and the metal closed at its best level for the day.

In Paris the 12½ kilo gold bar was fixed at FFr 28,300 per kilo ($203.68 per ounce) compared with FFr 28,600 ($205.37) in the morning and FFr 28,950 ($206.73) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM13,150 per kilo ($205.86 per ounce) compared with DM13,200 ($208.12) on Wednesday.

	Aug. 10	Aug. 9
Gold Bullion (a fine ounce)		
Close	$207¼-208	$205¾-207¼
Opening	$205¾-206¼	$206¼-207¼
Morning fixing	$205.85 (£105.754)	$208.00 (£107.034)
Afternoon fixing	$206.50 (£105.616)	$207.95 (£105.469)
Gold Coins domestically		
Krugerrand	$215½-216½ (£109¼-110¼)	$213½-215½ (£109¼-110½)
New Sovereigns	$[illegible]	$57¼-59¼ (£29¼-30¼)
Old Sovereigns	$58½-60½ (£30-31)	$58½-60½ (£30-31)
Gold Coins internationally		
Krugerrand	$215-215½ [illegible]	$213½-215½ [illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit was in short supply in the London money market yesterday and the authorities alleviated the shortage by buying a moderate amount of Treasury bills. Indications were that the amount of help was adequate if not slightly too much. Discount houses had been paying up to 9⅞ per cent for secured call loans during the day but closing balances were taken at around 8 per cent.

The market was faced with a large net take-up of Treasury bills and banks brought forward rather run down balances. On the other hand there was a modest fall in the note circulation and an excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 9⅝-9¾ per cent and eased to 9⅛-9¼ per cent where most of the day's business was seen. Rates declined further to 8-8½ per cent before closing very quietly between 3 per cent and 5 per cent. Conditions should be slightly improved on Monday after today's announcement by the Bank of England of its intention to release £207m of special deposits on Monday to London and Scottish clearing banks. Bank of England minimum lending rate was left unchanged at 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 10 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	3-9⅝	—	—	—	9⅞-10¼	8-9⅝	—	—	—
2 days notice	—	—	9½-9¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10¼	—	—	—	—
7 days notice	—	[illegible]	9½-9¾	—	10¼	—	9¼-9⅝	—	—	—
One month	9⅝-9[illegible]	[illegible]	9⅝-9½	10⅛	10¼	10	9½-9¼	[illegible]	[illegible]	10⅛
Two months	[illegible]	[illegible]	—	9⅜-9⅝	10⅛	—	[illegible]	[illegible]	[illegible]	10⅛
Three months	9⅝-9[illegible]	[illegible]	9¼-9½	9¼-9½	10	9⅞	9	[illegible]	[illegible]	10⅛
Six months	9⅝-9[illegible]	9½-9⅝	9⅝-9⅝	9⅞	10	—	—	—	[illegible]	10¾
Nine months	[illegible]	[illegible]	—	9¼-9⅝	10	—	—	—	—	—
One year	[illegible]	[illegible]	9⅞-10	9½-9¾	10¼	—	—	—	—	—
Two years	—	—	10½-10¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 11¾-11⅞ per cent; five years 11¾-12 per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9[illegible]-9[illegible] per cent; four-month trade bills 10¼ per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 10½ per cent from August 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.9646 per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.8125
Treasury Bills (13-week)	6.78
Treasury Bills (26-week)	7.19

GERMANY

Discount Rate	3
Overnight	2.95
One month	3.5
Three months	3.7
Six months	4.15

FRANCE

Discount Rate	9.5
Overnight	7.25
One month	7.4375
Three months	7.5625
Six months	7.875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

The Property Market

BY JOHN BRENNAN

Citibank sells out of the City

PRUDENTIAL PENSIONS LTD. provides over £6m of proof today that investment demand for prime City of London property has been unaffected by higher interest rates.

It can be revealed that PPL, the assurance group's £316m pooled pension fund, has acquired its largest single property investment to date, Citibank's freehold of the island block at 34, Moorgate, EC2.

The 23,500 sq ft offices, built in 1960, are fully let to Marine Midland Bank. And as the U.S. bank is understood to pay an average rent of between £11 and £12 a sq ft for its London headquarters, the purchase, for "in excess of £6m" is known to show PPL an initial return of 4½ per cent.

PPL, one of the largest and fastest growing of the pooled pension management funds, with over £122m invested in property, had been looking for a first-class City of London freehold to lead its portfolio. Citibank, for its part, has not needed the investment since its move to new offices at 336 The Strand in the early 1970s.

Citibank acquired the freehold in 1965 and moved into the Moorgate offices as its London headquarters in 1967. When it took on its Strand offices, staff moved from Moorgate until September 1976 when Marine Midland was granted a 15-year lease with five-yearly upward-only rent reviews.

The air-conditioned block covers a complete island site, with 1,640 sq ft of basement space, a 3,150 sq ft ground-floor and banking hall, and just under 19,000 sq ft of offices above.

PPL, which was represented by Wright Oliphant and Baker, Harris, Saunders, confirms the strength of the investment market for the best-quality offices. An initial return of 4¼ per cent is as low as any comparable City investment purchase this year, and shows that institutional buyers have been unperturbed by the 3½ point rise in general interest rates from the year's "low" point of 6½ per cent in the spring.

Fears that the hectic property buying activity of the first half of the year would burn itself out seem unjustified. The traditionally quiet summer period masks a largely unreported hive of investment activity as deals are lined up for completion once investment committees and institutional trustees drift back to the City after the holiday season.

JLW Property Index

A PLAGUE of property indices has descended on the market in recent months. Few have escaped criticisms, either because of their construction, or doubts about their value as a yardstick of performance. Now, Jones Lang Wootton has steeled its nerves, and discreetly unveiled its contribution to the world of statistical property analysis, the JLW Property Index.

JLW can relax. Its index manages to overcome most of the major criticisms of the earlier attempts at indexation.

The strength of the index is that JLW has been able to draw on the mass of detailed information available to it as manager or independent valuer of more than 20 sizeable funds. That information has enabled it to construct a hypothetical property fund with a portfolio built up by notionally "buying" real properties that were acquired by the real funds in each year since 1967.

In this way JLW has managed to avoid the charge of undue retrospective selection of its portfolio. Properties on its records that were bought by funds in the late 1960s might not rate a purchase now. But as the hypothetical fund drew only from properties bought in each year, its development closely mirrors the actual growth of funds.

The amount of money available in each year for property investment also follows the pattern of investment by the real funds, dropping in the early years from an initial £3m in 1967, and rising again to around £10m in 1977. Throughout the selection process the firm aimed at a typical, rather than an ideal pattern of property type and geographical spread, with a book cost roughly within the form of 50 per cent offices, 25 per cent retail, 20 per cent industrial and 5 per cent farm land.

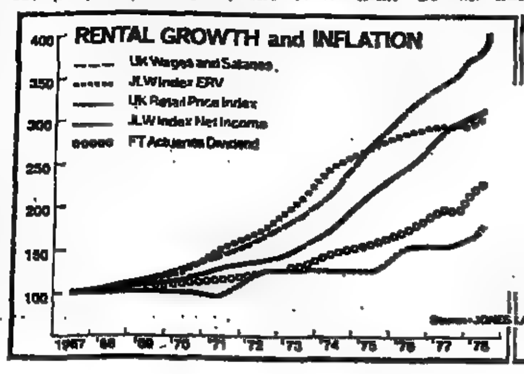
Two further parameters prevent an undue weighting towards any single real fund, or towards solely JLW acquired properties. Bias towards any one fund's buying policy has been prevented by limiting the number of properties from any one fund to a maximum of 15 per cent of the hypothetical portfolio. And the purchasing policy was structured so that just under 40 per cent of properties, by cost, were purchased by funds advised by other surveyors.

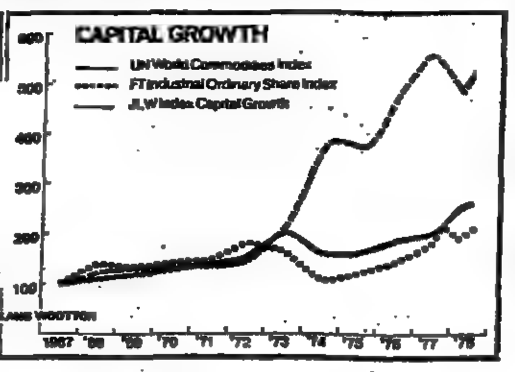
The hypothetical portfolio has grown to have 100 properties with a total book cost of £58m and a June, 1978, open market value of £94.3m. To compare the portfolio's performance with other investments JLW has worked out its performance tables for both capital and rents on a simple chain-linked index. The value at the beginning of a year being compared to the value at the end, and the growth factor used to build up the year-on-year index.

No attempt has been made to introduce developments, forward findings, or to arrange sales from the portfolio, and so JLW's model is limited to representing a core investment portfolio for an exempt fund. As such it illustrates a number of interesting points, notably relative underperformance of actual rental income on the properties when compared to other investment media (see chart 1), a point not generally visible in comparisons that use only an estimated rental value.

A comparison of capital growth (chart 2) also highlights property's stable, but not particularly dramatic performance as in investment in the past decade. This comparison is even more interesting when it is considered that the unselective equity and commodity indices are being compared with a carefully selected portfolio of institutional quality properties.

It may be a fruitless exercise to make comparisons between dissimilar investment media. But as institutions clearly want such comparisons, this new index is a welcome step towards a generally acceptable rule-of-thumb guide to the performance of investment properties.





Property Deals appear on Page 27

Cheltenham attracted more than its fair share of speculative office developers and refurbishers during the days of the boom, as the past three years' jungle of "To Let" boards testified. Now, after a lengthy glut of space, the supply-demand balance has begun to swing the other way, with around 150,000 sq ft let in the town in the past six months at rents ranging from £2.20 to £2.50 a sq ft.

A new rental level in the area has been achieved this month with the letting of Property Growth Assurance 10,200 sq ft Regency refurbishment, Hadley House, on Bayshill Road, facing Cheltenham Ladies' College.

Graham Manufacturing has taken the space at £2.75 a sq ft on a standard 25 year lease with five-yearly reviews.

Property growth agreed to acquire Hadley House in 1976, shortly after its completion by the original developer, the Desmond Group. The fund, advised by Pepper Angliss and Yarwood, initially paid a vacant possession price for the building, and has now topped-up the price on letting.

Cheltenham agents Young and Gilling, along with Healey and Baker, arranged the letting and the sale.

Young and Gilling report that there are now only three vacant office units of any size left in the central area of Cheltenham, totalling less than 40,000 sq ft. Once these offices let up there should be scope for fairly dramatic rental growth in the town, opening up the possibility of reviving Sun Life's site for a 77,000 sq ft office scheme in Albion Street, and explaining local speculation that the council is now in negotiation with a developer to start work on its St. James's railway station site which is zoned for 100,000 sq ft of offices.

IN BRIEF

IN THE NEXT day or two Healey and Baker will receive formal notification from St. Albans District Council confirming its appointment as adviser on the town's controversial central development.

H and B has accepted a brief to give a second opinion on Samuel Properties' 260,000 sq ft shopping scheme and on other schemes from Sainsbury, Tesco and the St. Albans Civic Society, that the council is considering in the face of fierce local opposition to the Samuels' plan.

Drivers Jonas, short listed for the advisory job from a list of surveyors recommended by the Department of the Environment, decided not to accept the brief when the Council decided against its idea for a wider survey.

H & B will now be looking over the shouder of Hillier Parker May and Rowden, planning consultants to St. Albans for the past 13 years.

THE UBIQUITOUS Godfrey Bradman, tax expert and property dealer, turned up in Watford this week. Copartnership Property Developments, a subsidiary of Mr. Bradman's London Mercantile Group, has now agreed terms to take on a 1½ acre development site in Clarendon Road, Watford. The land was left in charge of National Westminster Bank's subsidiary Lombard North Central when pre-crash plans for the site began to gather dust.

Copartnership, using Howard Hord and Palmer as project managers, and Healey and Baker as joint letting agents, are looking for prospective tenants to support an Office Development Permit on the former GPO sorting office site for between 77,000 and 100,000 sq ft of offices.

The land, close to Watford Junction station and the town's shopping centre, had been zoned for public body user on the strength of the British Waterways Board's plans in the early 1970's to take a 77,000 sq ft headquarters building there.

هكذا من ألاصل

PROPERTY DEALS

Haslemere's Parochial plans

THE CITY of London office development coyly mentioned in the latest annual report of the Save and Prosper property fund turns out to be a £2¾m financing for a Haslemere Estates redevelopment at 19-22 Abchurch Lane, E.C.4.

Haslemere and Save and Prosper have acquired the British Bank of the Middle East's leasehold on the building, and have arranged a 125-year lease with the freeholder, the City Parochial Foundation. An 18-month refurbishment will create 26,000 square feet of modern air-conditioned banking and office space. Gerald Archer and Vigers acted for the developers, and Healey and Baker for the fund. All three firms are retained as letting agents.

On another City Parochial freehold, Haslemere has bought out the Bank of the Middle East's leasehold. The building, 135-141 Cannon Street, E.C.4, is to be redeveloped jointly with City Parochial to create 14,000 square feet of modern space.

Vigers and Archer will act as letting agents on the Cannon Street scheme, and in both deals Richard Ellis advised the bank.

●

SCOTTISH EQUITABLE LIFE Assurance Society has now completed the £2.4m purchase of the Chantry Keys Group's 28,600 sq ft office scheme at Langley Hall, Langley, Slough. The fund, and the Birmingham - based developers, were both advised by Savills, who arranged forward funding proposals last March. Completion of the purchase, on a net yield of 6.6 per cent, follows full occupation of the offices by Wilkinson Match on a standard 25-year lease costing an initial £165,000 a year.

●

THE MITSUKOSHI GROUP, Japan's leading department store chain, is to open its first British outlet in the former British Airways' travel centre at Dorland House Lower Regent Street.

Smith Melzack and the British Airways' Property Department were asking a premium of £50,000 for the remaining 30 years of a lease on the 12,500 sq ft unit. The lease, from Prudential Assurance, Dorland House's freeholder, costs £42,500 a year at the moment. But the first of 10 yearly rent reviews is due this December. Mitsukoshi, represented by Garrard Smith and Partners, take on 5,500 sq ft of showroom space with a 28-floor Regent Street frontage and with a further 7,000 sq ft on a mezzanine floor. The store is expected to be open for trading by Christmas.

●

THE SPEED at which British Land recently let its 29,000 sq foot office development at 120, Aldersgate Street, EC1 may have reflected the Post Office's need for quality space rather than any pressure of letting demand in the northern fringes of the City. But interest in the area is clearly reviving. Private developer, Gate of Barbican, has just found a purchaser for its 10,000 sq foot of new offices at 55/57 Banner Street, EC1.

F. M. Marshall, advised by Mellersh and Harding, has paid £670,000 for the block, which was completed nine months ago and which had been on the market at an asking rent of £66,000 a year. Goldstein Leigh managed the development from the start, and handled the sale for Gate.

●

THAT OLD favourite, an "unnamed pension fund" has paid £1.1m for the 7,035 sq foot offices at 54 Pall Mall, SW1. The block, refurbished by Charles Price's CIP Securities two years ago, subsequently sold to overseas buyers who then bought out the freehold, is let for £81,135 a year with the first reviews falling due in 1981. Sinclair Goldsmith acted for the shy fund and Charles Price advised the overseas investors.

The sale, arranged back in February, has not deterred British Land from withdrawing its adjoining offices at 55-58 Pall Mall from the market. The building had been for sale, but now the property group says that it is holding it as an investment, unless, of course, another of these unnamed funds makes an "exceptional offer."

●

JULIAN MARKHAM'S Glengate properties has sold its 12,850 sq ft freehold shop and office scheme in Folkestone to London Life Association Managed Fund for around £450,000. Glengate, advised by McDaniel and Daw, modernised the 1960s buildings in Bouverie Place Folkestone, last year. All 7,200 sq ft of offices in the building are let to the Property Services Agency and to a firm of local solicitors, and the 3,500 sq ft of shopping space is occupied by a "Job Centre," Superdrug Stores, and J. Coral. The whole scheme produces a rent roll of £32,000 giving the fund an initial yield of just over 7 per cent.

●

TOWNGRADE PROPERTIES has paid £252,000 for the Kenilworth Industrial Sites subsidiary of Midlands housebuilders, Thomas Bates and Sons. Frank Romain, Towngrade's managing director, explains that the deal brings in the Kenilworth industrial estate, an early 1960s development with 11,632 sq ft of offices and 27,390 sq ft of light industrial units. The whole estate is fully let to 12 tenants and currently generates a rent roll of £40,000 a year. Reversions in the next 18 months should bring rents nearer to current local open market rents of around £1.20 a square foot for industrial and up to £3 a square foot for office space. And, allowing a discount for the age of the buildings, Towngrade expects rents to top £70,000 a year by 1980.

In the meantime, the Kenilworth operation is negotiating for another 5-acre site near the town with scope for another 135,000 sq ft of industrial space.

J B

APPOINTMENTS

Chataway heads new Honeywell council

Mr. Christopher Chataway, managing director of Orion Bank, has been appointed chairman of an advisory council formed by HONEYWELL to assist in policy-making, and to advise on business strategies and financial policies affecting the company's computer and control systems operations in the U.K.

Other members of the new council are Dr. A. W. Pearce, chairman and chief executive, Esso Petroleum Company; Mr. D. A. J. Manser, executive director, Thomas Tilling; Dr. John Powell, vice-chairman, EMI group; Air Marshal Sir Peter Horsley, and Sir John Hogg, deputy chairman, Williams and Glyn's Bank.

The formation of the advisory council, states Honeywell, provides the company with an independent viewpoint in addition to the established lines of management. It is an indication of the intention of the company to manage its success in a manner compatible with British national interests.

*

Mr. M. D. Field, managing director, wholesale group of W. H. SMITH AND SON, is to become managing director retail from September 4. He succeeds Mr. Simon Hornby, who was promoted to group chief executive last month. Mr. K. J. Morris, deputy chief executive, will have overall responsibility for the company's wholesale business, which is being split into two divisions. Mr. K. P. Beattie continues as divisional director for the wholesale news operations. Mr. T. J. S. Waterstone, at present divisional director for WHS distributors, is appointed divisional director for the new division of WHS distributors and wholesale books. The new Wholesale Group organisation will also take effect from September 4.

*

Mr. Ira Stepanian, senior vice-president, has been appointed general manager of the FIRST NATIONAL BANK OF BOSTON in the U.K. He replaces Mr. Paul N. Vonckx, Jr. who returns to the bank's Boston headquarters to become senior vice-president National division, West. Among Mr. Stepanian's other UK responsibilities will be the chairmanship of Boston Trust and Savings, the UK moneyshop subsidiary, and joint managing director of First National Boston, the bank's London based merchant banking subsidiary.

*

Northern Engineering Industries has made the following additions to the Board of NEI PROJECTS: Mr. C. R. Thompson, recently appointed to the main Board of NEI; Mr. J. G. Anderson and Dr. R. Hawley, respectively managing directors of NEI International Combustion and of NEI Parsons; and Mr. R. Brayson, as finance director. Mr. J. T. Pretswell has become secretary.

*

Mr. C. M. Hunter has retired as a director of BLACKWOOD MORTON & SONS (HOLDINGS).

*

Mr. Frank Metcalfe, who has retired from the Engineering Industries Training Board, has joined the Board of ICFC TRAINING, a subsidiary of the Industrial and Commercial Finance Corporation.

*

Mr. Gerald Mortimer will hand over as group chief executive of CONSOLIDATED GOLD FIELDS at the beginning of September, on reaching the age of 60. He will be retaining a seat on the Board. No decision has yet been taken about his successor, but the Board expects to do so within the next two weeks.

*

Dr. A. R. Graham, at present manager of licensing division, BP CHEMICALS, will be appointed to a new post of divisional co-ordinator, R and D Department from October 15. He will be succeeded by Mr. K. R. Dobson, who is at present manager, R and D Division, Grangemouth. Mr. T. Reilly, manager of the acrylonitrile plant at Grangemouth, will become manager of the Grangemouth R and D Division in succession to Mr. Dobson.

*

Mr. E. Ira Brown has been made director of the BRITISH EXPORT HOUSES ASSOCIATION and the BRITISH IMPORTERS CONFEDERATION. He is a senior staff member of the London Chamber of Commerce and Industry.

*

Mr. John Ilsley has been appointed a director of manufacturing engineering, PRESSED STEL FISHER, a member of BL Components.

*

Mr. P. Hansen has been appointed president and chief executive officer of the newly-formed COMINCO EUROPE with headquarters in London. Other appointments to that company are Mr. M. A. Madley, vice-president, finance; Mr. D. M. Silver, vice-president, marketing; and Mr. G. D. Tikkanen, vice-president, exploration and operations. The parent concern is Cominco Limited, Vancouver.

*

Mr. Peter Cuthbert-Smith has been appointed a director of BINDER HAMLYN FRY AND COMPANY.

*

Mr. G. Handley and Mr. E. Evans, at present subsidiary company managing directors, have been appointed to the main Board of ASTRA INDUSTRIAL GROUP. Mr. K. D. Hanlon has been made a non-executive director of the group.

*

Mr. Norman Achen of the Royal Bank of Canada has joined ORION BANK as an executive director. He succeeds Mr. Paul Taylor who has returned to the Royal Bank Montreal as head of its new global finance unit.

LEGAL NOTICE

No. 002437 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of D. BERON LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was, on the 31st day of July 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 16th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm; and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October 1978.

WORLD STOCK MARKETS

Wall St. reacts 6 on increased profit-taking

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—107¼% (108%)
Effective $1.8530—55⅞% (55⅞%)

WITH INVESTORS disappointed by a larger-than-expected rise in the producer price index in July and also cautious ahead of the weekly Money Supply report, Wall Street moved erratically yesterday before closing lower on the day on increased profit-taking.

Trading volume was a substantial 39.83m shares, althoug well below Wednesday's level of 48.86m.

The Dow Jones Industrial Average, after reacting to 888.60 at 10.30 a.m., rose to a day's high of 898.39, almost reaching the 900 mark again, before receding to 885.48 for a loss on balance of 6.13. The NYSE All Common Index moved in similar fashion to finish 41 cents down at $58.34, after touching $58.83, while declines led gains at the close by 893 to 620.

Prior to the market opening, the Labour Department reported that producer prices of finished goods rose an adjusted 0.5 per cent in July. The rise was down from an 0.7 per cent increase in the previous month, but above many forecasts.

The wholesale price report contributed to a rise in short-term interest rates, which put added pressure on the stock market.

Analysts said that also upsetting sentiment was comment by Federal Reserve Chairman G. William Miller that he hoped interest rates would peak by December. They said the remark implied that Miller expected a further rise in the meantime.

After the stock market close, the New York Federal Reserve Bank reported that the basic M-1 money supply rose $1.1bn in the latest reporting week, but there had ben concernt hat an M-1 increase of as much as $2bn would be reported.

Chrysler was one of the most active New York Stock Exchange issues and gained $1⅜ to $12⅛—Chrysler and Peugeot-Citroen have agreed on o combination of their principal European opera-

LTV were active and up ⅞ more to $11⅞. Earlier this week LTV reported sharply higher second-quarter net profits from continuing operations.

Digital Equipment also active were down 1⅜ at $40 following a loss of 2¼ on Wednesday—the company reported little change in fourth-quarter per share net profits.

Intercontinental Diversified added 2¼ to $26⅛—directors have agreed to buy most of the 1,033,000 shares offered by a director who bought the mat $33 each.

Airline issues were lower, with TWA down 1⅜ to $25⅞, UAL off 1¼ at $37¼ and American Airlines 1¼ cheaper at $18. The issues have been strong in recent weeks on increased traffic and higher industry net profits. Brokers said profit-taking was encouraged by a report that some analysts are uncertain about the airline industry's earnings outlook.

Colonial Stores slipped 1 to $31⅞—the company disclosed that the FTC has asked officials of the company to appear at an investigational hearing today. Grand Union, which this week began a tender offer for Colonial at $35 a share, had no comment to make on the report.

THE AMERICAN SE Market Value Index finished still 0.21 higher on the day at 160.25, after reaching 160.58 at 1 pm. Volume came to 4.63m shares (4.88m).

Resorts International "A" rose $2 to $88⅞ on sharply higher six months earnings.

Westburne International advanced 1⅛ to $30⅞ in response to a rise in first-quarter net profits, an annual dividend of $1 a share and plans for a special payment.

Canada

Mixed movements were recorded at yesterday's close following another active trade. The Toronto Composite Index shed 1.5 to 1,219.9, although rises held an edge over losses on the Toronto exchange of 235 to 226. Metals and Minerals receded 6.0 to 1,032.8 and Oils and Gas 3.0 to 1,578.7, but Golds added 9.9 at 1,602.0.

Transcanada Pipe shed ⅜ to C$17—the Alberta Government said it has no interest in acquiring Canadian Pacific Investments' 13 per cent stake in Transcanada.

Bow Valley Industries rose 1⅜ to C$34¼ on improved annual results and plans for a two-for-one share split.

Among others reporting better results, R. L. Crain put on ¼ to C$11⅞ and Hugh Russel "A" ⅜ to to C$12⅞.

Tokyo

Shares showed a firmer disposition yesterday in response to a relaxation of margin trading curbs. The Nikkei-Dow Jones Average picked up 16.02 to 5,496.79, while the Tokyo SE Index improved 1.36 to 416.02. Volume increased to 270m shares from the previous day's 200m.

Tokyo and eight other Japanese stock Exchanges announced that margin trading requirements will be lowered to 50 per cent from 60 per cent, effective from yesterday.

Pharmaceuticals, Foods and Electricals led the market improvement, but Motors were easier-inclined, with Honda Motor falling Y15 to Y510 on market expectations of lower operating profits due to the sharp yen appreciation.

Fujisawa Pharmaceutical rose Y40 to Y1,180, Toyama Chemical Y36 to Y796, Green Cross [illegible]0 to Y2,300, Kinki Electrical Construction Y120 to Y1,140, Toyo Radiator Y98 to Y668, Santen Pharmaceutical Y97 to Y667, Matsushita Seiko Y90 to Y1,300, Toho Y80 to Y7,260, Kasho Y74 to Y524, TDK Electronics Y70 to Y2,150, Kyoto Ceramic Y70 to Y3,800 and Sumitomo Precision Products Y67 to Y717.

However, Hisamitsu Pharmaceutical lost Y100 to Y1,170, Nippon Chemiphare Y60 to Y1,200, Kyshu Electric Power Y40 to Y1,320 Chiyoda Chemica Y26 to Y775 and Nippon Miniature Bearing Y21 to Y480.

Germany

Stock prices were inclined to gain further ground in lively trading, which included good domestic and foreign buying. The Commerzbank index added 3.5 more at 817.7, nearing the high for the year of 819.9 reached on July 27. Brokers said some late profit-taking pulled some shares off their highs for the day but most managed to maintain their gains.

Breweries provided the strongest sector, with Henninger adding DM3, Dub-Schultheiss DM9 and Binding DM3.

Elsewhere, Dresdner rose DM2.40, Daimler DM2.50, Mannesmann DM1.70, Preussag DM4.50 and Krupp DM2.30.

Public Authority Bonds rallied up to DM1 more, with the Bundesbank selling DM6.3m nominal of stock (DM5.2m). Mark foreign loans were steady to firmer.

Paris

Market made some progress in quiet trading.

Operators cited the firmness of the French franc in relation to all other currencies despite a cut in the French Call Money rate to 7½ from 7⅝ per cent and the announcement by Economics Minister Rene Monory that industrial price decontrol was now over as factors aiding sentiment.

Oil shares, however, were sharply lower, especially those of companies in the consortium drilling in the Celtic Sea, where results are said to be disappointing. BP were down 9 per cent.

Banks and Motors were the most sought after.

The best performers included UCB, Comptoirs-Entrepreneurs, Cetelem, Bancaire, BCT, Eurafrance, Borel, Presses-Cite, Ericsson, Sogerap, Uclaf, Europe-1, St-Gobain, Perrier, Pierefitte, Maritime-Chargeurs and Peugeot-Citroen.

Roussel Uclaf, which announced higher first-half sales, rose 14 to FFr 388.

Australia

Markets had a touch of pre-Budget nerves and lost some of their upward momentum to close on a mixed note, but there were some bright features.

After disclosing that a leading Sydney broker has placed 240,000 of its shares to bring more than A$3m into the Uranium company's cash box, Pancontinental rose 50 cents to A$16.50. Other Uraniums were mainly little changed, although Peko-Wallsend improved 8 cents to A$6.00.

BHP regained 6 cents to A$8.00 on a report of hydrocarbon indications in the Seahorse well, which the company is drilling with Esso in the Bass Strait.

Among Properties, Lend Lease firmed 5 cents to A$2.93 in front of its profits and shares issue announcement, but was overshadowed by Westfield, which jumped 34 cents to a high for the year of A$5.34 awaiting the results.

In Sugars, Bundaberg gained 5 cents to A$3.40 on reports that it is copying the group leader, CSR and diversifying into coal. CSR put on 3 cents to A$3.33.

The Diamond speculatives were inactive and Golds failed to respond to the sharp rise in world Bullion prices.

CRA shed 3 cents to A$3.00, Central Norseman Gold 10 cents to A$10.20 and Renison Tin also 10 cents to A$9.80.

Hong Kong

Stocks relinquished some of their recently gained ground on profit-taking in moderate activity. The Hang Seng index receded 7.20 to 614.38, with overall turnover contracting to HK$168.2m from Wednesday's heavy total of HK$247.31m.

Hongkong Bank and Hong Kong Land shed 30 cents apiece to HK$20.80 and HK$11.30 respectively. Hutchison Whampoa lost 15 cents to HK$6.65, while declines of 10 cents occurred in Swire Pacific, HK$9.40, and Wheelock, HK$3.375.

Hong Kong Telephone fell 75 cents to HK$35, and China Light 50 cents to HK$27.70.

Indices

NEW YORK —DOW JONES

	Aug. 10	Aug. 9	Aug. 8	Aug. 7	Aug. 4	Aug. 3	1978 High	1978 Low	Since Compilat. High	Since Compilat. Low
Industrial	885.48	891.63	892.21	885.05	888.43	886.87	891.63 (9/8)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.85	88.95	88.88	88.89	88.29	88.14	90.88 (4/1)	86.78 (11/7)	—	—
Transport	246.45	248.80	248.61	248.79	248.83	248.75	249.50 (9/8)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	107.41	107.49	107.92	108.09	108.19	107.86	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	39,830	48,860	34,340	33,330	37,970	33,570	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	Aug. 4	July 28	July 21	(Year ago approx)
	5.25	5.47	5.62	5.03

STANDARD AND POORS

	Aug. 10	Aug. 9	Aug. 8	Aug. 7	Aug. 4	Aug. 3	1978 High	1978 Low	Since Compilat. High	Since Compilat. Low
‡Industrials	114.57	115.53	115.05	114.46	114.86	114.51	115.53 (9/8)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	103.92	104.50	104.01	103.55	103.92	103.51	104.50 (9/8)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Aug. 9	Aug 2	July 26	Year ago (approx.)
Ind div. yield %	4.70	4.76	4.93	4.49
Ind. P/E Ratio	9.97	9.78	9.40	10.06
Long Gov. Bond yield	8.32	8.45	8.56	7.70

N.Y.S.E. ALL COMMON

Aug. 10	Aug. 9	Aug. 8	Aug. 7	1978 High	1978 Low
58.34	58.75	58.47	58.22	58.75 (9/8)	48.37 (6/3)

Rises and Falls

	Aug. 10	Aug. 9	Aug. 8
Issues traded	1,898	1,946	1,884
Rises	620	1,080	885
Falls	893	532	585
Unchanged	385	334	414
New Highs	—	307	157
New Lows	—	7	6

MONTREAL

	Aug. 10	Aug. 9	Aug. 8	Aug. 7	1978 High	1978 Low
Industrial	199.67	200.25	199.56	198.58	200.25 (9/8)	162.80 (16/2)
Combined	206.87	207.38	207.17	206.65	207.38 (9/8)	170.82 (30/1)

TORONTO		Aug. 10	Aug. 9	Aug. 8	Aug. 7	1978 High	1978 Low
	Composite	1219.9	1221.4	1220.9	(c)	1221.4 (9/8)	998.2 (30/1)

JOHANNESBURG	Aug. 10	Aug. 9	Aug. 8	Aug. 7	1978 High	1978 Low
Gold	265.6	265.6	265.7	251.7	287.4 (1/8)	185.0 (20/4)
Industrial	260.8	258.8	257.5	256.8	260.8 (10/8)	194.8 (13/4)

	Aug. 10	Pre-vious	1978 High	1978 Low
Australia (*)	522.04	521.26	522.04 (10/8)	441.19 (1/3)
Belgium (‡)	97.54	97.48	101.16 (8/5)	90.45 (25/5)
Denmark (**)	98.74	98.74	98.78 (7/8)	94.00 (6/2)
France (††)	75.3	75.0	76.5 (5/6)	47.5 (3/2)
Germany (‡‡)	817.7	814.2	819.9 (27/7)	768.4 (17/6)
Holland (§§)	85.3	85.0	87.0 (3/6)	76.0 (4/4)
Hong Kong (¶¶)	614.38	621.58	621.58 (9/8)	383.44 (13/1)
Italy (‖)	63.70	63.49	64.29 (19/7)	55.45 (10/1)
Japan (a)	416.02	416.66	425.51 (19/7)	364.04 (4/10)
Singapore (b)	335.52	(c)	335.52 (10/8)	282.0 (9/1)

	Aug. 10	Pre-vious	1978 High	1978 Low
Spain (d)	102.46	102.46	110.78 (9/6)	87.82 (7/3)
Sweden (e)	401.04	401.55	405.03 (4/8)	325.74 (4/1)
Switzerl'd (f)	293.4	289.6	393.58 (28/6)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 2/1/72. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Ramada Inns	618,300	7⅝	−⅛
LTV	604,500	11⅞	+⅞
Sears Roebuck	474,000	24⅞	−⅛
Chrysler	431,100	12⅛	+1⅜
Pan-Amer. Airways	409,700	7⅞	−⅛
Digital Equipment	399,700	40	−1⅜
UAL	379,600	37¼	−1¼
Texaco	373,100	25	—
J. Ray McDermott	307,100	24⅞	+1⅛
American Airlines	296,600	18	−1¼

NEW YORK

Stock	Aug. 10	Aug. 9
Abbott Labs	37¾	39
Addressograph	28½	29
Aetna Life & Cas	44⅛	44¼
Air Products	29¾	30⅛
Alcan Aluminium	31½	32¼
Alcoa	46¾	46¾
Alleg. Ludlum	18⅞	18¾
Allegheny Power	18⅝	18⅝
[illegible]	[illegible]	[illegible]

Stock	Aug. 10	Aug. 9
Corning Glass	60½	60⅞
CPC Int'rn'tional	50⅛	[illegible]
Crane	29¾	30¼
Crocker Nat	29½	29⅞
Crown Zellerbach	36½	36⅝
Cummins Engine	48⅝	38
Curtiss Wright	16⅝	16⅝
Dana	29¾	30
Dart Industries	48¼	48⅛
[illegible]	[illegible]	[illegible]

Stock	Aug. 10	Aug. 9
Johns Manville	32⅛	32⅛
Johnson Johnson	87¼	86⅞
Johnson Control	28⅝	29⅛
Joy Manufactur'g	36	36¼
K. Mart Corp	28⅝	29⅛
Kaiser Aluminium	35	34⅝
Kaiser Industries	2⅛	2⅛
Kaiser Steel	26⅞	26¼
Kay	12½	14⅛
Kennecott	22⅞	22¾
[illegible]	[illegible]	[illegible]

Stock	Aug. 10	Aug. 9
Revlon	55⅛	56⅝
Reynolds Metals	32⅝	33⅛
Reynolds R. J.	59	58
Rich'son Merrell	27⅞	28⅛
Rockwell Inter	34⅞	35⅛
Rohm & Haas	35⅛	35⅛
Royal Dutch	61⅛	61
RTE	15⅞	15⅞
Russ Togs	12⅛	12⅝
[illegible]	[illegible]	[illegible]
Western Bancorp	42⅝	43⅛
Western N. Amer	35½	36½
Western Union	20½	19⅞
Westingh'se Elec	24¼	24½
Weyerhaeuser	29	29⅝
Weyerhaeuser	31¼	31⅛
Whirlpool	23⅞	24⅝
White Con. Ind	21¼	21⅝
William Co	20⅞	21⅛
Wisconsin Elect	28¼	28¼

Stock	Aug. 10	Aug. 9
Woolworth	19⅝	19⅝
Wyly	4⅛	4
Xerox	61¼	61⅞
Zapata	18¼	18
Zenith Radio	18⅝	18¾
U.S.Treas 4% 1980	†95	†94⅞
US Treas 4¼% 75/85	†81½	81½
U.S. 90 day bills	6.76%	6.74%

CANADA

Stock	Aug. 10	Aug. 9
[illegible]	[illegible]	[illegible]
Trans Can Pipe Ln	17	17⅜
Trans Mount Opl	9⅝	9⅝
Trizec	†14⅛	†14½
Union Gas	11⅛	11⅝
Utd. Siscoe Mines	8	8⅛
Walker Hiram	55⅛	55⅝
West Coast Trans	12	12⅛
Weston Geo.	19⅝	19⅝

† Bid. ‡ Asked. § Traded. ¶ New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ▼ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¥50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

TOKYO ¶

Aug. 10	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	320	+4	14	2.2
Canon	455	−7	12	1.4
Casio	809	+65	25	1.6
Chinon	405		20	2.5
Dai Nippon Print	540	−3	18	1.7
Fuji Photo	511	+2	15	1.5
Hitachi	227	−1	12	2.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

Aug. 10	Aust. $	+ or −
ACMIL (25 cents)	†0.66	+0.02
Acrow Australia	†0.87	
AMATIL $1	†2.15	−0.01
Ampol Exploration	†1.41	−0.01
Ampol Petroleum	†0.87	−0.01
Assoc. Minerals	†1.55	
Assoc. Pulp Paper $1	†1.25	
Assoc. Con. Industries	†1.67	+0.01
[illegible]	[illegible]	[illegible]

OSLO

Aug. 10	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	99	−0.5	9	9.1
Borregaard	80	+3	—	—
Creditbank	115		11	9.6
Kosmos	280	+30	20	7.1
Kreditkassen	109	+1	11	10.1
Norsk Hydro Kr20	254	+3.5	12	4.7
Storebrand	95	+3.75	7	9.5

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	13 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

EUROPEAN OPTIONS EXCHANGE

GERMANY ◆

AMSTERDAM

COPENHAGEN ♣

VIENNA

BRUSSELS/LUXEMBOURG

SWITZERLAND ♦

PARIS

MILAN

STOCKHOLM

BRAZIL

Turnover: Cr.139.9m. Volume: 59.0m.
Source: Rio de Janeiro SE.

JOHANNESBURG

Securities Rand U.S.$0.74 (Discount of 35.6%)

SPAIN ▼

Go-ahead for white sugar market

By Our Commodities Staff

THE UNITED Terminal Sugar Market Association is to go ahead with plans to start a white sugar contract in London. Trading should start on October 2.

Welcoming the plan, dealers said they hoped it would provide a good hedging medium for white sugar traders. Since the European Community was producing surpluses of 2.5m to 3m tonnes annually it was only right that there should be a "vehicle" on which traders could hedge.

The idea has been under consideration for some years. At the time of the collapse of the Paris white sugar market in December, 1974, it was felt that London should not take advantage of the French dilemma.

But even now that stability has been restored to Paris, the volume has still not picked up to a level which would allow traders to hedge in total security, one dealer said.

The Paris contract was unattractive because of the stringent financial constraints attached to trading operations there.

World raw sugar prices advanced again yesterday on the London terminal market, December position picking up a further £2.425 a tonne, to close at £98.05.

Traders attributed the continued buoyancy to a reported sale of five or six cargoes at $226 a tonne c and f. The London daily price was unchanged.

Carter asked to approve copper import curbs

BY CHRISTOPHER PARKES

THE U.S. International Trade Commission has proposed a five-year clamp-down on imports of refined copper from leading suppliers to protect home producers.

The commission agreed yesterday in Washington to recommend to President Carter that annual imports should be limited to 300,000 short tons. The restrictions should run for five years, the ITC said, and should be backdated from January 1, 1978.

Last year the U.S. imported about 387,000 tons of refined copper from Canada, Chile, Peru and other suppliers. The purchases cost about $472m.

Reuter reported that the Commission also recommended that the quotas should be operated on a quarterly basis, limiting imports over each three-month period of the year to one quarter of the total annual quota.

President Carter now has about two months in which to decide whether to adopt the shceme as it stands, adopt it in modified form, or reject it.

There was little reaction on the London Metal Exchange where prices had advanced again mainly on the strength of the uncertain situation over the Peruvian strikers and on worries of industrial trouble in the Chilean copper industry.

Spot wirebars rose £6 to £732.5 a tonne, with three months metal gaining £5 to £750.75. Cash cathodes were up £4.25 at £726.75 and three months rose £3.75 to £745.25 a tonne.

Petition

Mine union leaders in Chile yesterday presented the labour minister Vasco Costa with a petition signed by 11,000 mine workers demanding higher wages.

Meanwhile as the confrontation in Peru grew more abrasive, the state mineral exporting company, Minero Peru, said it might have to suspend production at its Ilo refinery because of a shortage of raw materials.

Its other main refinery in the central Andes region closed last Friday when the strike started.

Sources at Minpeco confirmed to Reuter that the partial force majeure applied to refined lead and zinc and copper to a lesser extent. Almost all silver shipments, however, would have to be cut.

The two sides in the strike, meanwhile, have hardened their positions. Union officials rejected the Government's order to go back to work. They claimed the instruction was illegal.

In an official statement, the Government gave the miners throughout Peru until Friday to return to work. It did not say what action would be taken if they did not comply, but labour sources said it would probably mean more dismissals.

Miners from Cerro Verde are expected to join the strike on Monday. Cerro Verde, State-owned, is one of two major copper mines so far unaffected by the stoppage.

Cuajone, the largest contributor to Peruvian copper exports, with an annual output of 180,000 tonnes, continues to work normally.

● In Boss, Missouri, Amax said the United Steelworkers of America local union branch ratified a new labour agreement.

Workers, who struck at the complex on May 31, were due to return yesterday.

Russia must buy grain despite big harvest

WASHINGTON, August 10.

THE SOVIET UNION is heading for a bumper grain harvest this year which could surpass the record 224m tonnes produced in 1976, the U.S. Agriculture Department reported.

But, the Department said, the Soviet Union would still need large imports from the U.S. and elsewhere as Moscow is committed to feeding more and more cattle to satisfy the meat-hungry population.

The latest U.S. projection says the Soviet Union should meet the goal of 220m tonnes total grain production, but with normal harvest weather this would be exceeded. Last month USDA forecast a crop of 215m tonnes.

There have been market rumours that because of its expected excellent harvest, the Soviet Union is trying to cancel its five-year agreement with the U.S. under which it must import at least 6m tonnes of American grain a year up to 1980.

But the Agriculture Department said that because of the increased use of grain to feed cattle, the Russians will still need to import about 16m tonnes in 1979, compared with about 19m tonnes.

Maximum

America is also expecting large grain harvests this year, and prices on the Chicago commodity exchanges have fallen sharply because of fears of world over-supply.

Under the U.S.-USSR agreement, the Soviet Union can buy up to a maximum of 8m tonnes of American grain a year without further consultation.

But after a poor harvest last year, the Russians have been allowed to buy more than 15m tonnes of U.S. grain, divided roughly equally between wheat and maize.

China has also started buying American wheat for the first time in four years and is a major target for U.S. exporters, especially if traditional suppliers Australia and Canada cannot match Chinese demands.

The Department said the 226m tonnes would consist of about 107m tonnes of wheat, 102m of coarse grains, and about 11m tonnes of miscellaneous grains, rice and pulses.

The breakdown for production last year included 92m tonnes of wheat, 92.6m of coarse grains and 11m of other grains.

UK AGRICULTURE

A bad time to be taking up sheep

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

LAST WEEK I attended the first of the big lamb sales at Honeybourne in Worcestershire, and then went on to the Sheep '78 event on the Royal Show ground. It made the perfect contrast between the orthodox and the innovative.

At Honeybourne nearly all the lambs were from the well-recognised crossbreeds used on lowland farms. There has been little change in them for at least the last 25 years.

At Stoneleigh there were a number of new breeds and crosses, some of which have been available for quite a long time, and which have as yet made little discernible impact on sheep breeding.

In sheep there has been nothing like the wholesale switch to Friesian and Holstein cattle evident on dairy farms, or to the Landrace or Large White type in pigs. The modern flockmaster sticks to the breeds and crosses that his father and very often his grandfather believed in, and appears to be happy with them. The changes that have come about have been more those due to fashion than to any real assessment of their genetic or economic qualities.

The lowland ewe has usually been bred in the hills from a hill breed crossed with an extreme type of what might be called a milk sheep. A Border Leicester for instance. The ewe lambs of this cross are then sold to farmers on better land to be mated with a down breed—a meat producing sheep—and the progeny are the basis for the commercial fat lamb.

Vigour

This system which has been in existence for generations combines two factors of immense value. Heterosis or hybrid vigour ensures that the offspring of pure breeds are more productive than either of their parents. No-one really knows why this should be, but it is recognised by scientists who have no convincing explanation. Then the subsequent mating with a down ram will reproduce its like with a much faster growth rate than if pure bred.

Then there is the benefit of change of environment. The theory is that sheep from poor surroundings—the hills—will thrive all the better if moved to easier conditions. The simple truth about this is that the animal has more to eat, and will spend more time sleeping and getting fat than in foraging for food.

The pioneer sheep breeders are thus in some difficulty because, to become accepted, they have to produce sheep which can compete in prolificacy and productivity with the established strains, and at similar economic prices. In prolificacy they have had some success. Some of the hybrids that have been developed using the Finnish sheep which have litters, rather than ones and twos, and have produced breeding flocks which will regularly produce an average of two lambs per ewe rather than 1.5 or 1.6 lambs as with more conventional strains.

But productivity is not only a matter of numbers of lambs produced. The ewe has to feed them at least for the first six to eight weeks of their lives and no ewe yet bred has more than two teats. This means with triplets for instance that either one of the lambs is on very short commons, probably the weakest in any case, or none of the three thrives as it should.

It is possible to remove surplus lambs and rear them on artificial feeds and of course to put them to ewes with single lambs or which have lost their own at birth. But both these are tricky jobs, and the success rate is far from being 100 per cent. Another problem is that feeding stuffs are expensive and getting dearer as equality with EEC prices for grain is approached.

But rearing lambs under these conditions immediately loses the sheep's best asset, which is as a producer of meat and wool from grass. I don't believe that any ruminant can be economically fed to produce meat on the cereal feeds at present available at the EEC prices of either grain or meat.

From this I except the French system, which does in fact rely to a large extent on lambs reared indoors. But this industry is highly protected (the market was closed against UK imports again this week) and is confined to areas of France where there are few alternatives ways of farming the land. Anywhere in France, and elsewhere in the Community for that matter, sheep have practically vanished from the better land.

This is a matter of simple economics. During the 19th century arable land in Britain was largely fertilised by either sheep or bullocks. Every farm in Hampshire for instance had its flock and this endured until the early '20s. Then fertiliser from the bag was found to be more economic than sheep dung and the prime reason for keeping sheep was no longer valid. Sheep had to stand on their own four feet, were found to be uneconomic, and virtually disappeared.

Numbers have risen since the war. Most are kept on grass for lamb production, but it is quite probable that their position could be threatened by economic factors. Land, either for purchase or to rent, and costs in general are rising very fast, and it is doubtful if present levels allow sheep farming to be economic, compared with dairying or arable farming, if the land is suitable for these alternatives.

Heights

The cost of breeding ewes which most farmers have to buy has now risen to almost astronomic heights. This may only be a temporary phase. I used to have a simple equation to decide the value of a breeding ewe. If the value of her annual production of lamb and wool exceeded her cost I was doing well. Today her cost exceeds her production of about £40 by £15 to £20. I am still in sheep because I always have been, some parts of my farm cannot be used for anything else.

But if I were entering a farm at present costs, sheep would be the last thing I would buy whether from the hills or from the innovators.

Eggs cheapest for two years

BY OUR COMMODITIES STAFF

A NEW fall next week will take egg prices to their lowest level for over two years.

Following the announcement of a 2p to 3p a dozen cut which will take standard eggs down to about 23p a dozen, Mr. Frank Powell, marketing director of Goldenlay, Britain's major egg-marketing consortium, commented: "It is unlikely that egg prices will ever be as low again or represent such value for money."

Mr. Powell said the price cut was the result of continued over-production plus a slight drop in consumption. "At these prices," he said; "most egg producers are losing at least 12p a dozen and this is a situation which cannot be expected to last long."

Mr. John Hutchinson, sales manager of Deans Farm Eggs, said the industry had never really recovered from the glut which brought prices down earlier in the summer.

"The holiday season often accounts for a slight drop in consumption but this year's disastrous weather has even turned people away from the traditional summer salad which normally gives egg consulption a boost," he said.

He confirmed that the price cuts would create serious difficulties for egg producers. "While the price drop means good news for consumers it will take egg farmers one step nearer to ruin. They cannot afford to sell their eggs at a lower price than the cost of production," he declared.

"The long-term effect will be to force egg farmers to kill off their flocks. When that happens eggs will become scarce and prices will undoubtedly rise."

But many producers are apparently undismayed by the situation in the egg market. UK egg chick placings in June totalled 3.95m — 7 per cent higher than in June 1977. And a 10 per cent rise in eggs placed in incubators during June is seen as evidence of an even bigger increase in chick placings during July.

New bid to end Icelandic trawler ban

IN A MOVE to get the ban on Icelandic trawlers lifted at Grimsby, a private meeting of all sides of the fishing industry has been arranged under the chairmanship of Mr. Austin Mitchell, the port's MP.

Though landings are averaging 70,000 stones of fish a day, merchants, owners and processors fear a winter famine when the North Sea smacks have to stop going to sea because of bad weather.

The ban on Icelandic ships imposed by fish porters following the expulsion of British trawlers from Iceland's 200-mile limit, have already been lifted at Hull and Fleetwood.

A member of the trade said yesterday: "There is a genuine fear that more unemployment may follow a winter scarcity, and Icelandic trawlers would be very welcome on the market."

Rise in chicken imports

BY OUR OWN CORRESPONDENT

CHICKEN IMPORTS rose sharply during the first half of this year. At 6,534 tonnes by the end of May, imports of poultry-meat were only 24 per cent below the total for the whole of 1977.

The rate of increase still shows no sign of abating.

The main suppliers have been the Netherlands and Denmark. By the end of June, the Dutch had sent 4,819 tonnes, according to figures released this week by the Ministry of Agriculture. This compares with 2,422 tonnes for the whole of last year.

The Danes' share, at 2,565 tonnes, was also considerably higher than in recent years.

High prices in Britain have made the market attractive to foreign exporters. Normally, transport costs are high enough to insulate the UK from overseas competition, but with the price of frozen chickens reaching 39p a pound on the wholesale markets this week—about 25 per cent more than a year ago—the disincentives have been largely eroded.

In addition, European supplies have been forced to seek other export outlets as a result of Russia's decision to close its frontiers to foreign poultry earlier this year.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Up again on the London Metal Exchange. The firmer trend in overnight transatlantic markets saw forward material open higher at £751 and move up to £755 in the rings with sentiment aided by continuing talk of a possible force majeure on Peruvian supplies and good physical demand. On the morning kerb, however, the price dipped to £753.5, and this trend gathered pace in the afternoon with forward metal falling to £745 at one point on news of U.S. import quotas before it rallied to close at £747. Turnover 23,823 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	736.5-8	+8.5	732-3	+6
3 months	754.5-5	+8.5	750.5-1	+5
Settl'm'nt	736	+8.5	—	.....
Cathodes				
Cash	751.5-2	+8.5	726.5-7	+4.25
3 months	749.5-50	+7.5	745-.5	+3.75
Settl'm'nt	752	+8.5	—	.....
U.S. Smt	—	.....	63-66	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £736, three months £751, 1.5, 52, 53, 53.5, 54, 55, 54.5. Cathodes, cash £752, three months £750. Kerb: Wirebars, three months £754.5, 54, 53.5. Afternoon: Wirebars, three months £753, 52, 51.5, 51, 50.5, 51. Cathodes, cash £726.5, three months £746. Kerb: Wirebars, three months £748.5, 49, 48.5, 48, 47, 46.

TIN—Barely changed in quiet trading. Forward standard material opened at £6,570 and stayed at that level throughout the morning. In the afternoon the price eased back to £6,556 at one point, reflecting stale bull liquidation and the strengthening of sterling against the dollar, but values rallied marginally on the late kerb with forward metal finally quoted at £6,565. Turnover 940 tonnes.

[illegible]

COFFEE

Robustas traded in a £20 range for the whole session in mostly quiet conditions, [illegible]

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

RUBBER

[illegible]

SILVER

[illegible]

GRAINS

[illegible]

COCOA

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

Capsicums—Dutch: per 5 kilos 2.80; Italian: 1.50-1.80. Cherries—Washington: per pound 0.80. Onions—Spanish: 2.30-3.20; Maltese: 1.50. Tomatoes—Dutch: 2.20; Guernsey: 2.20; Jersey: 1.90. Melons—Spanish: Yellow 6/14 2.30-2.70. Watermelons—Spanish: 2.30; Greek: 2.80-3.00; Italian: 2.60-3.00.

English products: Potatoes—per 25 kilos 1.00-1.50. Lettuces—per 12 0.80, Cos 1.00, Webb 0.50. Rhubarb—per pound, outdoor 0.06. Cucumbers—per tray 12/24s 0.50-1.00. Mushrooms—per pound 0.40-0.60. Apples—per pound Grenadier 0.05-0.09, Lord Derby 0.10, George Cave 0.15, Bramley 0.18. Tomatoes—per 12 lb English 1.60-2.00. Cabbages—per crate 0.80-1.00. Celery—per head 0.05-0.12. Cauliflowers—per 12 Lincoln 1.40-1.80. Broad beans—per pound 0.07-0.08. Runner beans—per pound Stick 0.20-0.30. Ground 0.12-0.15. Peas—per pound 0.05-0.06. Cherries—per pound Black 0.50, White 0.40. Beetroots—per 28 lb 0.60-0.80. Carrots—per 28 lb 0.80-1.20. Capsicums—per pound 0.18-0.22. Courgettes—per pound 0.07-0.10. Onions—per bag 1.00-1.60. Swedes—per 28 lb 0.90-1.00. Turnips—per 28 lb 1.00-1.20. Plums—per pound Laxtons 0.15, Rivers 0.15, Czars 0.15.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 341 tons, bringing the total for the week so far to 515 tons, reports F. W. Tattersall. A little more demand came forward with interest mainly in African and South American types. The call for Turkish and Russian was somewhat reduced.

Ghana cocoa purchases

ACCRA, August 10.

PURCHASES OF the 1978 Ghana mid-crop cocoa for the week to August 9, were estimated at 318 tonnes bringing the cumulative total for the season to 7,343 tonnes, according to the Ghana Cocoa Marketing Board, reports Reuter.

The board has not given a precise date when the mid-crop season began this year but it is estimated to have started around two weeks earlier than the 1977 season which began on June 17.

By August 11 last year, eight weeks after the 1977 season commenced, cumulative purchases were estimated by the board at 6,053 tonnes.

Last year's Ghana mid-crop finished on October 6 with a cumulative total of 14,495 tonnes.

PRICE CHANGES

Price per tonne unless otherwise stated.

	Aug. 10 1978	+ or —	Month ago
Metals			
Aluminium	£680	.....	£680
Free market (cif)	$1,050/60	.....	$1049-60
Copper cash W. Bar	£732.5	+6.0	£708
3 months do. do.	£750.75	+5.0	£728.25
Cash Cathode	£726.75	+4.25	£703.5
3 months do. do.	£745.25	+3.75	£723.75
Gold Troy oz.	$207.625	+0.5	$186.625
Lead Cash	£323.25	.....	£315.75
3 months	£328.25	.....	£323.75
Nickel		.....	£2,566
Free Market (cif)(lb)	$1.75 1.92	+0.01	$1.75 1.88
Platinum troy oz.	£128	.....	£133
Free Market	£139	.....	£129.25
Quicksilver (76lb.)	$125.30	.....	$126.31
Silver troy oz.	282.05p	—4.45	281.55p
3 months	289.1p	—4.9	288.6p
Tin Cash	£6,635	+10.0	£6,615
3 months	£6,557.5	+22.5	£6,546.5
Tungsten (c)	$134.50	.....	—
Wolfram 22.04lb(c)	$134.38	+0.5	$131/36
Zinc cash	£319.75	—3.0	£312.5
3 months	£328.75	—3.5	£322.375
Producers	$650-600	.....	$650-600
Oils			
Coconut (Phil)	$652.5r	—2.5	$675
Groundnut	£648	.....	£688
Linseed Crude (v)	£331	.....	£346
Palm Malayan	$551r	+11.0	$590
Seeds			
Copra Phillip	$445	+10.0	$455
Soyabean (U.S.)	$256.25q	+0.25	$260.5
Grains			
Barley EEC			
Home Futures	£82.05	—0.55	£82
Maize			
French No. 3 Am	£99.5	.....	£105.4
Wheat			
No. 1 Red Spring	£91.75	.....	£92
No. 2 Hard Winter			
English Milling	£95	.....	91.5
Cocoa Shipment	£1,862	—12.0	£1,795.5
Future Nov.	£1,801.5	—11.5	£1,728.5
Coffee Future			
Nov.	£1,225.5	+19.0	£1,288.5
Cotton 'A' Index	72.05c	.....	70.95c
Rubber kilo	53.25p	.....	53
Sugar (Raw)	£93	.....	£89
Wooltops 64s kilo	281p	.....	285p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Sept.-Oct. u Aug.-Sept. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Aug. 10	Aug. 9	Month ago	Year ago
258.67	258.01	239.44	241.72

(Base: July 1, 1952=100)

REUTER'S

Aug. 10	Aug. 9	Month ago	Year ago
1437.0	1428.6	1442.5	1496.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Aug. 10	Aug. 9	Month ago	Year ago
Spot	359.00	357.43	352.50	356.54
Futures	350.90	350.86	340.47	332.26

(Average 1924-25-26=100)

MOODY'S

Moody's	Aug. 10	Aug. 9	Month ago	Year ago
Spie Commty	916.5	916.2	913.3	833.0

(December 31, 1931=100)

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.80-£4.70, codlings £2.60-£3.40, large haddock £4.00-£4.60, medium £3.80-£4.00, small £2.20-£3.20, large plaice £4.30-£4.80, medium £3.20-£4.70, best small £3.50-£4.20, large skinned dogfish £9.00, medium £6.50, large lemon soles £8.00, medium £5.60, rockfish £1.50-£2.40, reds £1.20-£2.00, saithe £1.40-£2.00.

U.S. Markets

Gold and silver up sharply

NEW YORK, August 10.

PRECIOUS METALS closed sharply higher on aggressive Commission House short-covering following renewed weakness in the U.S. dollar amid concern of an oil price rise. Copper remained steady on mixed trade and Commission House activity following a recommendation for a 300,000-ton U.S. import quota. Sugar once again rallied, boosted by Commission House chartist buying and short-covering. Coffee finished higher on roaster interest and price fixing, Bache reports.

Cocoa—Sept. 150.50 (137.75), Dec. 152.05 (152.00), March 147.50, May 144.60, July 144.10, Sept. 139.75, Dec. 137.25. Sales: 631.

Coffee—"C" Contract: Sept. 130.75-131.00 (127.00), Dec. 124.00 bid (120.00), March 114.93-115.00, May 111.00-111.35, July 109.00-109.75, Sept. 109.50, Dec. 06.75 bid. Sales: 900.

Copper—Aug. 64.75 (64.85), Sept. 65.10 (64.95), Oct. 65.60, Dec. 66.75, Jan. 67.50, March 68.35, May 69.55, July 70.35, Sept. 71.35, Dec. 72.00, Jan. 73.35, March 74.40, May 75.40. Sales: 6,200.

Cotton—No. 2: Oct. 61.70-61.72 (61.55), Dec. 63.55-63.67 (63.47), March 65.40, July 67.10, Oct. 65.15-65.20, Dec. 65.70. Sales: 2,650.

*Gold—Aug. 209.70 (205.20), Sept. 210.70 (206.20), Oct. 212.10, Dec. 215.30, Feb. 218.60, April 222.00, June 225.40, Aug. 228.90, Oct. 232.40, Dec. 235.90, Feb. 239.40, April 242.90, June 246.40. Sales: 25,000.

†Lard—Chicago loose not available. NY prime steam 24.25 traded (24.00 traded).

†Maize—Sept. 219-219½ (215½), Dec. 224½-225½ (224½), March 232-232½, May 236½, July 240, Sept. 242.

§Platinum—Oct. 272.00-273.00 (270.00), Jan. 275.20-275.80 (273.20), April 278.60-278.80, July 282.10-282.50, Oct. 255.90-256.10, Jan. 289.70-289.90, April 293.50-293.70. Sales: 1,254.

§Silver—Aug. 553.00 (549.00), Sept. 555.70 (551.70), Oct. 559.50, Dec. 567.50, Jan. 571.30, March 578.90, May 585.00, July 596.70, Sept. 605.50, Dec. 619.00, Jan. 623.60, March 632.90, May 642.30. Sales: 7,500. Handy and Harman spot bullion 558.90 (550.50).

Soyabeans—Aug. 629-621 (615½), Sept. 610 (609½), Nov. 600-601, Jan. 605½-608, March 615½-616, May 621½, July 623-623½, Aug. 621½.

Soyabean Oil—Aug. 23.75-23.70 (23.59), [illegible]

[illegible]

COMPANY NOTICES

LEGAL NOTICES

STOCK EXCHANGE REPORT

Profit-taking brings a halt to rise in the leaders

Index down 2.2 at 514.0—Fresh advance in secondary issues

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30
Aug. 21	Aug. 31	Sep. 1	Sep. 12

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets enjoyed another active days' trading yesterday, but leading Industrials succumbed to profit-taking after extending the recent good rise by a further useful margin. Up 5.2 at the best of the day at 10 am, the FT 30-share index reacted to close 2.2 down on balance at 514.0.

There was some further good investment buying at the outset, but small persistent selling coupled with the occasional large selling order gradually left its mark on prices. News that NatWest had placed its 4.6 per cent stake in Commercial Union in the market had no immediate impact on market sentiment, but may have been a restraining factor. The continuing high level of activity was reflected in official markings of 6,717, the highest since early January.

In contrast, secondary issues continued in demand and recorded further widespread gains. Rises led falls by about five-to-two in FT-quoted Industrials and the FT-Actuaries All-Share Index held at 235.34.

British Funds continued on an irregular path. The release of £207m special deposits from August 14 and the fall in the Price Commission index were favourable factors, but failed to help short-dated maturities. There were several half-hearted rallies in this area before prices eventually drifted easier to close with further losses ranging to ¼. Longs, however, continued to make a little headway, but trade was again at a fairly low level. The Government broker established a price of 15¼ in the partly-paid tap, Exchequer 12 per cent 1999-02 but only a modest amount of stock was sold at that level. The Government Securities index hardened 0.09 to 71.33.

Trade in the investment currency market was featureless with the premium moving narrowly between 107 per cent and the overnight 108 per cent before closing ¾ down at 107¼ per cent. The conversion factor was 0.6430 (0.6423).

The placing by NatWest of its 4.6 per cent shareholding in **Commercial Union** sparked off a good demand for the latter in *the Traded Option market and,* by the close, 208 contracts had been completed in C.U. out of the total of 868. C.U.'s October 160 cheapened 3½ to 7½p. **ICI** also attracted a good interest ahead of forthcoming interim results and 135 contracts were done.

C.U. shares placed

NatWest became a firm market, rising 9 to 286p, after 288p, following details of the successful placing of its 4.6 per cent shareholding in **Commercial Union** at 154p per share with various institutions, thus realising an estimated £29.3m; CU closed 6 cheaper at 158p. An irregular trend became evident in other home banks. Reflecting the chairman's confidence at the annual general meeting, **Standard Chartered** rose 22 to 430p.

Composite Insurances turned easier with the CU share placing a major restraining influence. **General Accident** at 234p, lost 6 of the previous day's rise of 8 which followed the much-better-than-expected interim results, while **Sun Alliance** reacted 20 to 579p.

Following the full report, **Burtonwood** featured Breweries with a rise of 10 to 173p on small support in a thin market. Elsewhere, **Gough Bros.** stood out with a rise of 4 at 58p.

Keen demand took Building descriptions higher but, in line with markets generally, the tone softened and prices closed around overnight levels. Notable exceptions usually included situation stocks. **Carron** advanced 8 to a 1978 peak of 88p on the increased interim profits, while a Press mention left **UBM** 2½ to the good at 77½p. **Johnson-Richard Tiles** put on 8 to 110p on revived bid hopes, but recently firm **Travis and Arnold** eased 4 to 138p; the announcement that the latter has acquired the building supply division of Ellis and Everard and the existing debts for a total *consideration of approximately* £3½m made little impact. Recent speculative favourite **Brown and Jackson** met profit-taking and eased 7 to 183p.

ICI traded between extremes of 402p and 396p before settling a couple of pence lower on balance *at 398p. Fisons made early pro*gress to 384p, but small offerings at the higher level left the close only 3 up at 377p. With interest more widespread, selected secondary issues made good progress in thin markets. **International Paint** added 5 to 81p and **Plysu** 8 to 98p. Despite lower annual profits, **British Benzol Carbonising** firmed a penny to 23p, while **Laporte** added 3 to 125p on yield considerations.

After the previous day's activity, interest in the Stores leaders waned and a mixed tone was evident at the close. **W. H. Smith A** continued firmly at 180p, up 4, and fresh speculative support helped **Burton A** harden 2 more to 154p. Secondary issues were notable for gains of 8 in **Home Charm**, 196p, and **H. Samuel A**, 185p.

Television issues came in for some good support, particularly **LWT A** which firmed 9 to 142p and **Anglia A**, 5 better at 91p.

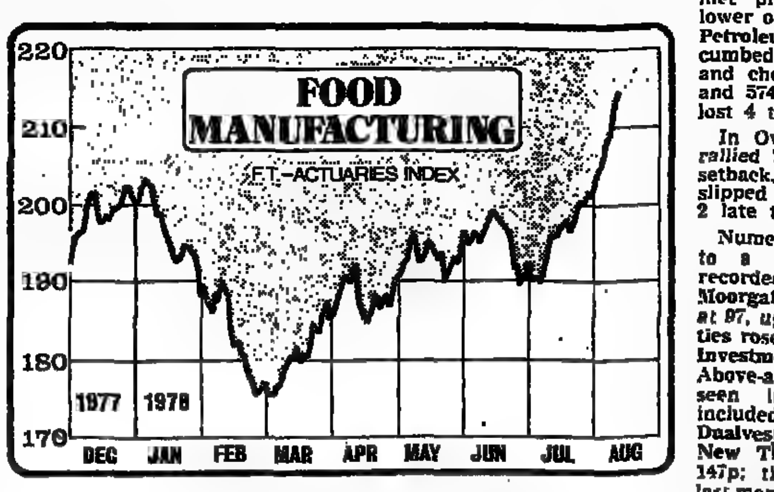
News that the group's joint micro-electronics venture with *Fairchild of the U.S. may get* under way by the end of next year attracted buyers to **GEC** which touched 311p before closing 3 better on balance at 306p. **EMI** ended a like amount dearer at 153p, after 156p, with sentiment helped by the favourable fourth-quarter figures reported by its U.S. subsidiary, Capitol. *Elsewhere in Electricals, Auto*mated Security firmed 8 to 108p, after 110p in response to the sharply higher interim profits and **Wholesale Fittings** added 7 to 187p, after 188p, following the good annual earnings.

Firm features were again *plentiful among secondary* Engineerings. Renewed investment buying on further consideration of the group's profit potential prompted a fresh rise of 11 to 195p in **Victor Products**, while **W. G. Allen (Tipton)** rose 4 to 54p with the chairman's *optimistic remarks about current* year prospects outweighing last year's lower profits. Press comment drew buyers' attention to **Expanded Metal** which rose 4 to 77p and **Molins** became popular at 148p, up 7. Further demand in a thin market helped **Startrite**, 5 better at 115p. **Butterfield Harvey**, on the other hand, softened 3 to 84p on the announcement that Babcock and Wilcox had successfully placed its near 20 per cent stake. **John Brown**, 436p, and **Tubes**, 412p, both improved 4 among the leaders but **GKN** lost that much to 286p.

With trading volume good again, Foods, initially buoyant, ended with only modest gains. **Tate and Lyle** closed a penny higher at 188p after 192p, but **Cadbury Schweppes** ended at the day's best of 61p, up 2. After Wednesday's rise of 12 on the first-half profits increase, **J. Bibby** eased 4 to 280p. **Squirrel Horn** touched 43p before settling a net 3 up at 40p on the higher interim profits. **J. Lyons** eased 4 to 130p on reports that institutional shareholders may seek a meeting with Allied Breweries to discuss the merits of the *latter's controversial* bid.

Reed below best

A Press suggestion that the group may be on the verge of selling its largest foreign asset, Reed Paper of Canada, sparked off a flurry of buying in **Reed International** which moved to 164p before closing 6 up on balance at 161p. Other miscellaneous industrial leaders fell away from a firm start to close mixed. **Beecham** improved to 723p but met profit-taking and closed 5 easier on balance at 712p, while **Glaxo** ended unaltered at 614p, after 622p. **Boots** last 4 at 221p but **Bowater** finished 2 dearer at 207p, after 212p. Elsewhere, persistent demand in a market short of stock left **Hunting Associated** up 23 at 300p and **Vinten** remained popular at 217p, up 12. The inclement weather attracted buyers to umbrella manufacturer **Lawtex** *which rose 5 to 68p and* **Aaronson** hardened a penny to 80p, after 83p, in response to the dividend forecast which accompanied the proposed £4.2m. rights issue.



Among Motor Components, **Dunlop** shed 3 to 73p and **Lucas Industries** gave up 8 at 322p. **Caffyns**, in Distributors, put on 3 to 104p but **Heron Motor**, despite the sharply increased earnings, shaded 1 to 145p.

Newspapers and Publishers sometimes held notable improvements despite the easier trend in late dealings. **United**, 372p, and **Pearson Longman**, 268p, both improved 10, but **Thomson** encountered small selling and finished 5 cheaper at 260p. Elsewhere, buyers came in for **Saatchi Saatchi** which firmed 8 to 173p following Mr. Healey's remarks concerning the company and the Conservative Party's recently launched advertising campaign for the General Election.

Steady to firm in the morning session, Properties encountered small selling towards the close. **Land Securities** eased 3 to 236p and **MEPC** a couple of pence to 137p. The reduced annual loss and proposed 50 per cent scrip issue failed to stimulate **Property Security Investment** which cheapened 4 to 165p. Elsewhere, **Warner Estate**, 150p, and **Bellway Holdings**, 68p, both put on 4, the latter on speculative interest, while **Lend Lease** gained 7 to 272p following the annual results.

Oils lower

Initially a good market at 284p on the interim profits, **Ultramar** *met profit-taking and closed 6* lower on balance at 270p. **British Petroleum** and **Shell** both succumbed to late small offerings and cheapened 4 apiece to 860p and 574p respectively. **Tricentrol** lost 4 to 176p.

In Overseas Traders, **Inchcape** *rallied 7 to 380p after the recent* setback, but **Paterson Zochonis** slipped ' to 185p and **Lonrho** shed 2 late to 59p.

Numerous gains, usually limited to a couple of pence, were recorded in Investment Trusts. **Moorgate Investment** stood out *at 97, up 5, while Colonial Securi*ties rose 6 to 263p and **Caledonia Investments** put on 8 to 264p. Above-average gains were often seen in Capital shares and included **M. and G.**, 6 up at 132p, **Dualvest**, 7 better at 244p, and **New Throgmorton**, 6 firmer at 147p; the new Warrants of the last-mentioned gained 3¼ to 28½p. Among Financials, **Robert Kitchen Taylor** gained 4 to 89p, while **London Merchant Securities**, 110p, and **M. and G. Holdings**, 135p, rose 6 and 7 respectively. Awaiting details of the group's bid for the minority holding in Pearson Longman, **S. Pearson** put on 8 to a 1978 peak of 246p.

Following the sharp rise in annual earnings, **David Dixon** featured Textiles with a jump of 17 to 97p in a narrow market. Other notable movements in the *sector were usually to slightly* higher levels, but **Courtaulds** came back to end 5 off at 119p, while **Yorkshire Fine Woollen** eased 2 to 37p. Gains of 3 took **Stoddard "A"** and **Lister** to 1978 highs of 36p and 50p respectively.

Reports of increased consumer spending helped towards a firm tone in Tobaccos, but prices generally closed below the best with **BATs Deferred** only 1 harder at 298p, after 302p, and **Imps** the same amount up at 88p, after 89p. On the other hand, **Rothmans**, already 2 firmer, improved further late following reports of the group's £44m Canadian deal and closed 3 up at 63p.

Golds ease

South African Gold shares turned easier for the first time in four days reflecting the initial weakness of the bullion price, which slipped before rallying to close 50 cents higher at a record $207.625 per ounce.

Business in Golds was on a smaller scale than of late with small local and Continental selling in the morning and afternoon being followed by renewed American demand in the late trade.

The U.S. buying took prices off the bottom but they still showed marginal losses overall. The transatlantic buying was again mainly centred on the high quality issues, such as **West Driefontein** and **Vaal Reefs** which were both finally ⅜ better on balance at £27⅝ and £16⅞ respectively.

Medium-priced stocks registered small losses but marginals came in for sustained profit-taking which left **Durban Deep** and **East Rand Props.** down 13 at 415p and 407p respectively and **West Rand** *Consolidated 8 lower at 136p.*

South African financials were mixed. **De Beers** came in for late American support which left the shares 4 off on balance at 446p, after 442p, but **Anglo American Corporation** finished 6 cheaper at 354p.

Vogelstruisbult *rose 5 to a high* of 70p on consideration of the sharply increased half-year profits and increased dividend.

New Wits added 4 to a high of 156p—a two day gain of 17—on *increased profits and final divi*dend.

Killinghall were a feature in *Tins* and soared 125 to a year's peak of 625p following news that the company intends to transfer its domicile to Kuala Lumpur.

Others to register substantial improvements were **Malayan Tin**, 20 higher at 435p, **Ayer Hitam**, 10 better at 380p and **Tronoh**, which put on the same amount to 242p.

Australians tended to move ahead where changed reflecting continued London buying. **Pancontinental** rose a half-point to a 1978 high of £15¼ following the placing in Australia of around 240,000 shares which raised about A$3.74m.

Among miscellaneous mines, **Tebidy Minerals** advanced 10 to 67p in resumed dealings following the takeover news from Mincorp; the latter eased a penny to 34p.

FOOD PRICE MOVEMENTS

	August 10 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,085	1,085	1,085
Ulster A.1 per ton‡	1,085	1,085	1,085
BUTTER			
NZ per 20 kg	12.30/12.72	12.50/12.72	12.31/12.62
English per cwt†	74.11	74.11	72.09
Danish salted per cwt†	76.98/77.55	77.22/78.02	74.48/76.57
CHEESES¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,275.0	1,202.10	1,202.10
EGGS*			
Home-produce:			
Size 4	3.60/3.90	2.50/2.75	3.00/3.30
Size 2	2.60/2.90	3.20/3.50	4.25/4.70
	August 10 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	53.0/58.0	54.0/57.3	54.0/58.0
Eire forequarters	—	35.0/37.0	—
LAMB			
English	56.0/60.0	50.0/58.0	54.0/64.0
NZ PLs-PMs	53.5/54.5	53.0/54.0	53.0/54.5
PORK (all weights)	35.0/44.0	35.0/44.0	35.0/44.0
POULTRY—Broiler chickens	36.0/41.5	36.5/39.0	36.5/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery August 13-20.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	13	398	−2	400	328
Barclays Bank	£1	11	360	−4	368	296
De Beers Defd.	R0.05	11	446	−4	451	285
GEC	25p	11	306	+3	311	233
EMI	50p	10	153	+3	190	130
Rank Org.	25p	9	274	+6	274	226
Unilever	25p	9	550	+6	550	476
Wellco	5p	9	28½	+2½	28½	20½
Beecham	25p	8	712	−5	720	583
BP	£1	8	860	−4	896	720
Commercial Union	25p	8	158	−6	164	138
Distillers	50p	8	199	−1	201	163
NatWest	£1	8	286	+9	298	250
Reckitt & Colman	50p	8	520	+4	520	392
Tate & Lyle	£1	8	188	+1	218	164

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (474)

BRITISH FUNDS (2)
COMMONWLTH. & AFRICAN LOANS (1)
AMERICANS (15)
CANADIANS (2)
BANKS (14)
BEERS (13)
BUILDINGS (21)
CHEMICALS (9)
CINEMAS (3)
DRAPERY & STORES (25)
ELECTRICALS (23)
ENGINEERING (35)
FOODS (14)
HOTELS (3)
INDUSTRIALS (70)
INSURANCE (3)
MOTORS (4)
NEWSPAPERS (8)
PAPER & PRINTING (5)
PROPERTY (10)
SHOES (5)
SOUTH AFRICANS (2)
TEXTILES (9)
TOBACCOS (3)
TRUSTS (152)
OILS (4)
MINES (21)

NEW LOWS (2)

BUILDINGS (1)
McNeill Group
INDUSTRIALS (1)
"W" Ribbons

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	42	14	22
Corpns., Dom. and Foreign Bonds	12	1	51
Industrials	560	237	762
Financial and Prop.	254	57	281
Oils	7	9	19
Plantations	4	5	22
Mines	42	50	36
Recent Issues	5	3	39
Totals	926	376	1,132

FINANCIAL TIMES STOCK INDICES

	Aug. 10	Aug. 9	Aug. 8	Aug. 7	Aug. 4	Aug. 3	A year ago
Government Secs.	71.33	71.24	71.25	71.02	70.86	70.97	70.63
Fixed Interest	72.89	72.82	72.86	72.75	73.75	72.65	69.77
Industrial Ordinary	514.0	516.2	507.0	505.4	497.2	499.9	478.2
Gold Mines	198.6	200.6	198.7	190.1	185.1	187.8	117.3
Ord. Div. Yield	5.27	5.24	5.33	5.34	5.37	5.34	5.11
Earnings, Y'ld% (full)(*)	15.95	15.91	16.18	16.21	16.29	16.21	16.24
P/E Ratio (net)(*†)	8.36	8.40	8.26	8.24	8.20	8.24	9.50
Dealings marked	6,717	6,221	6,511	4,970	5,673	5,746	6,828
Equity turnover £m	—	145.17	115.69	96.35	102.18	106.04	74.15
Equity bargains total	—	25,414	25,568	21,079	21,710	19,605	15,816

10 am 521.4. 11 am 519.6. Noon 520.8. 1 pm 518.7. 2 pm 517.0. 3 pm 515.8.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.13.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	516.2 (9/8)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	200.6 (9/8)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 10	Aug. 9
—Daily		
Gilt-Edged	143.8	161.7
Industries	258.2	254.0
Speculative	68.1	65.1
Totals	152.9	141.6
5-day Average		
Gilt-Edged	152.6	165.4
Industrials	227.8	215.7
Speculative	52.2	48.2
Totals	137.0	132.6

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5

For rate indications see end of Share Information Service

Stocks to attract money for the call included Lonrho, Burmah Oil, Expanded Metal, Aaronson, GEC, Butterfield Harvey, J. *Lyons, Marks and Spencer*, Oil Exploration, Mersey Docks, Wheelock Marden, Unochrome, Amalgamated Distilled Products, Cement Roadstone, Britannia Arrow, Town and City Properties, Sears and Debenhams. Puts were arranged in J. Lyons and Burmah Oil, while double options were transacted in Expanded Metal, Butterfield Harvey, Allied Retailers and Lister.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	128	—	146	—	—	—	858p
BP	800	80	5	110	—	133	—	—
BP	850	50	4	78	—	100	—	—
BP	900	[illegible]	[illegible]	[illegible]	—	77	—	—
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	158p
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	198p
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	120p
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	307p
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	119p
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	398p
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	237p
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	88p
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	580p
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals		816		195		57		

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Aug. 10, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. Aug. 9 Index No.	Tues. Aug. 8 Index No.	Mon. Aug. 7 Index No.	Fri. Aug. 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	242.27	+0.5	15.71	5.07	8.79	240.98	236.97	235.06	231.53	196.64
2	Building Materials (27)	220.77	+0.8	15.71	5.03	9.00	218.97	217.08	215.70	211.94	167.64
3	Contracting, Construction (27)	387.02	+0.3	18.06	3.84	8.05	385.74	381.40	376.49	369.64	275.27
4	Electricals (14)	525.65	+1.0	13.18	3.52	10.62	520.53	507.91	505.33	494.91	404.63
5	Engineering Contractors (14)	354.56	+0.3	16.92	5.84	7.87	353.62	351.25	346.46	343.87	288.27
6	Mechanical Engineering (72)	193.03	+0.3	16.95	5.59	7.90	192.40	188.97	187.27	184.99	170.65
8	Metals and Metal Forming (16)	179.46	−0.1	15.69	7.87	8.68	179.58	176.26	174.86	173.56	159.36
	CONSUMER GOODS										
11	(DURABLE) (52)	218.46	+0.1	15.84	4.80	8.81	218.16	217.29	215.71	211.88	187.57
12	Lt. Electronics, Radio TV (15)	266.19	+0.4	13.98	3.83	10.00	265.06	263.86	261.66	255.71	224.41
13	Household Goods (12)	188.07	+1.4	15.77	6.02	8.73	185.52	185.55	184.50	183.33	167.96
14	Motors and Distributors (25)	132.25	−0.6	18.87	6.09	7.38	133.06	132.52	131.74	130.11	115.90
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	221.71	+0.1	14.69	5.43	9.19	221.53	218.83	217.57	214.96	182.57
22	Breweries (14)	239.31	+0.7	14.51	5.86	9.48	237.68	237.60	236.92	234.61	192.74
23	Wines and Spirits (6)	282.89	−0.4	15.13	5.12	10.02	283.97	283.24	282.98	280.98	222.19
24	Entertainment, Catering (17)	274.12	+0.5	14.35	6.33	10.19	272.70	270.51	269.09	265.03	227.79
25	Food Manufacturing (21)	214.41	+1.0	17.62	5.16	7.50	212.30	[illegible]	[illegible]	205.82	183.60
26	Food Retailing (15)	232.69	−0.2	13.07	4.44	10.63	233.16	230.91	229.67	225.81	192.87
32	Newspapers, Publishing (13)	396.34	−0.9	10.25	3.18	13.93	399.97	398.71	400.23	397.42	311.57
33	Packaging and Paper (15)	151.12	+0.8	17.22	7.02	7.63	149.98	148.26	146.93	144.55	129.60
34	Stores (40)	209.30	−0.8	10.28	4.31	14.30	210.90	206.61	205.61	201.81	167.60
35	Textiles (25)	184.09	−0.7	17.99	7.52	7.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	262.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (98)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (56)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (495)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	235.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Aug. 10	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Thurs. Aug. 10	Wed. Aug. 9	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Thurs., Aug. 10 Index No.	Yield %	Wed. Aug. 9	Tues. Aug. 8	Mon. Aug. 7	Friday Aug. 4	Thurs. Aug. 3	Wed. Aug. 2	Tues. Aug. 1	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.26	12.96	57.24	57.26	57.50	57.34	57.28	57.22	57.21	53.26
16	Investment Trust Prefs. (15)	51.57	13.45	51.66	51.66	51.66	51.51	51.51	51.60	51.60	51.32
17	Coml. and Indl. Prefs. (20)	70.19	13.00	70.19	70.19	70.04	70.00	70.10	70.16	70.16	69.12

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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[illegible]

FIXED INTEREST STOCKS

[illegible]

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[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.

Index Guide as at 18th July, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	131.60
Clive Fixed Interest Income	117.33

CORAL INDEX: Close 514-519

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	8.87%

†Address shown under Insurance and Property Bond Table.

International Pacific Inv. Mngt. Ltd.

PO Box R237, 56, Pitt St, Sydney, Aust.

Javelin Equity Tst.	$A2.15	2.26	—	—

J.E.T. Managers (Jersey) Ltd.

PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extral. Tst.	186.0	197.0	—	—

As at July 31. Next sub. day August 31.

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$311.95	—	2.30
Jardine J'pn. Fd.*	HK$367.81	—	0.99
Jardine S.E.A.	US$18.02	—	1.70
Jardine Flem. Int.	HK$11.40	—	—
Intl. Pac. Secs. (Inc.)	HK$13.45	—	—
Do. (Accum.)	HK$13.99	—	—

NAV July 31. *Equivalent US$83.30. Next sub. August 15.

S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2. 01-600 4555

Conv. Bd. Aug. 9	$US9.81		+0.03	—
Engy. Int. Aug. 9	$US18.68		+0.10	—
Gr. St. $Fd. July 31	$US7.53		—	—
Merc. EbdFd Aug. 2	$US11.23	11.56	+0.06	0.28

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. July 27	$US12.81	13.18	—	—
CMT Ltd. July 27	£13.20	13.55	—	—
Metals Tst. July 20	£11.89	12.18	—	—
TMT July 14	$US10.36	10.63	—	—
TMT Ltd. July 14	£10.36	10.63	—	—

World Wide Growth Management§

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US16.45	+0.22	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ▼ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or -	Div. % Gross	Red. Yield
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	6.60
51	46	Do 6pc 28 Stab. Ass.	51	......	6	15.88
44	40	Do 4pc Mixed Ass.	43	......	4	14.65

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 35¼% (based on US$1.9507 per £)

Conversion factor 0.6439 (0.6423)

CANADIANS

S.E. List Premium 35¼% (based on $2.2135 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or -	Div. Net	Cvr	Yld Gr's	P/E
360	203	Hong Shng. $2.50	353	-7	[illegible]	—	2.0	—
69	52	Jessel Toynbee	64	......	h3.32	—	7.7	—
215	160	Joseph (Leo) £1	215	......	8.74	—	6.1	—
52	37	Keyser Ullmann	50	......	0.67	—	2.0	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

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CHEMICALS, PLASTICS—Cont.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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هذا من الأصل

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Components

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Garages and Distributors

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MINES

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[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
210	155	Falcon Rh.50c	175	......	Q50c	1.3	24.4
24	15	Rhod'n Corp. 16½p	17	......	0.57	7.1	5.0
80	52	Roan Cons. K4	75	......	—	—	—
180	122	Tanganyika 50p	180	+6	Q10.0	1.2	5.6
90	78	Do. Pref. 80p	87	......	Q9%	16.3	6.3
41	32	Wankie Col. Rh.1	37	......	†Q7½c	1.4	17.3
17½	10	Zam.Cpr.SBD0.24	17	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	10	Acmex 25c	14	......	—	—	—
138	64	Bougainville 50 Toea	138	−1	Q8c	1.4	3.6
125	63	BH South 50c	120	+1	—	—	—
820	150	Central Pacific	650	+30	—	—	—
284	148	Conzinc Riotinto 50c	284	......	Q10c	2.2	2.2
72	45	G.M. Kalgoorlie $1	65	+5	—	—	—
62	18	Haoma Gold N.L.	62	+1	—	—	—
140	81	Hampin Areas 5p	134	......	13.55	2.0	4.0
40	10	Metals Ex. 50c	30	......	—	—	—
220	125	M.I.M. Hldgs. 50c	214	+2	Q9c	1.7	2.6
39	10	Mount Lyell 25c	29	......	—	—	—
6½	1½	Newmetal 10c	4½	......	—	—	—
145	79	North B. Hill 50c	128	......	Q8c	1.5	3.9
16½	8½	Nth. Kalgurli	16	......	—	—	—
48	12	Nth. West Mining	44	......	—	—	—
178	117	Oakbridge $A1	176	+1	†Q11c	1.9	3.9
70	30	Pacific Copper	66	+2	—	—	—
£15½	750	Pancont'l 25c	£15½	+½	—	—	—
40	12	Paringa M&Ex.5p	27	......	—	—	—
554	310	Peko-Wallsend 50c	554	+8	Q15c	4.0	1.7
300	50	Southern Pacific	240	+15	—	—	—
160	84	Westn. Mining 50c	148	+1	‡Q6c	1.4	‡
70	35	Whim Creek 20c	45	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	23	......	2.55	1.6	16.6
400	240	Ayer Hitam $M1	380	+10	‡Q41.7c	0.9	‡
60	45	Beralt Tin	58	......	3.81	4.4	10.2
300	200	Berjuntai $M1	295	+5	Q110c	ɸ	8.0
145	111	Geevor	127xd	......	0.04	ɸ	5.9
10½	8½	Gold & Base 12½p	10½	......	—	—	—
300	220	Gopeng Cons.	295	......	15.23	0.9	7.8
185	130	Hongkong	185	+5	—	—	—
93	78	Idris 10p	88	......	±12.0	1.6	‡
11	9	Jantar 12½p	9	......	—	—	—
80	68	Kamunting $M0.50	80	+3	ZQ15.5c	0.7	4.2
625	450	Killinghall	625	+135	Q125	ɸ	20.0
435	280	Malay Dredging $M1	435	+30	†Q95c	0.8	4.7
73	40	♦Pahang	72	+1	‡Q3.75c	0.5	‡
62	50	Pengkalen 10p	58	......	6.60	1.3	17.0
240	165	Petaling $M1	240	+5	†Q80c	1.6	7.6
61	49	Saint Piran	57	......	g2.02	4.6	5.3
61	47	South Crofty 10p	56	......	4.19	2.0	11.2
220	140	South Kinta $M0.50	220	+5	†Q77.8c	1.4	7.6
330	230	Sthn Malayan $M1	320	+5	†Q131.3c	1.1	8.8
228	134	Sungei Besi $M1	215	+8	Q65c	ɸ	6.5
80	55	Supreme Corp. $M1	80	+2	ZQ10c	—	2.7
100	85	Tanjong 15p	90	......	6.60	0.8	10.9
100	74	Tongkah Hrbr. $M1	90	......	‡Q6.82%	1.6	‡
242	148	Tronoh $M1	242	+10	ZQ88c	1.6	7.8

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
100	70	Messina R0.50	99	+4	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
61	35	Barymin	53	−½	—	—	—
17	9	Burma Mines 17½p	13	......	—	—	—
300	215	Cons. Murch. 10c	265	+15	‡Q30c	2.6	‡
465	245	Northgate C$1	390	+5	—	—	—
242	164	R.T.Z.	240	−1	9.64	2.8	6.0
90	30	Sabina Inds. C$1	62	−3	—	—	—
£12	750	Tara Exptn. $1	900	......	—	—	—
67	43	Tehidy Minerals 10p	67	+18	‡1.35	ɸ	3.0
180	120	Yukon Cons. C$1	178	+2	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- ∗ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ɸ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♯ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♯ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	25	......
Ash Spinning	44	......
Bertam	21	......
Bdg'wtr. Est. 50p	310	......
Clover Croft	26	......
Craig & Rose £1	500xd	......
Dyson (R. A.) A	37	......
Ellis & McHdy	61	......
Evered	16½	......
Fife Forge	52	......
Finlay Pkg. 5p	22	+1
Graig Ship. £1	125	......
Higsons Brew	77	......
I.O.M. Stm. £1	155	......
Holt (Jos.) 25p	270	+7
N'thn. Goldsmith	68	......
Pearce (C. H.)	185	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	62	......
Sindall (Wm.)	105	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£93	......
Alliance Gas	67	−3
Arnott	360	......
Carroll (P.J.)	105	......
Clondalkin	105	......
Concrete Prods.	143	......
Heiton (Hldgs.)	52xd	......
Ins. Corp	160	......
Irish Ropes	130	......
Jacob	67	......
Sunbeam	33	......
T.M.G.	210	......
Unidare	93½xd	......

OPTIONS
3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17	**Property**	
Beecham	35	Legal & Gen.	14	Brit. Land	3¾
Boots Drug	15	Lex Service	7	Cap. Counties	4½
Bowaters	16	Lloyds Bank	22	E.P.	5
B.A.T.	24	"Lofs"	4	Intereuropean	4
British Oxygen	6	London Brick	5	Land Secs.	16
Brown (J.)	20	Lonrho	5	MEPC	12
Burton 'A'	12	Lucas Inds.	25	Peachey	8
Cadburys	5	Lyons (J.)	10	Samuel Props.	9
Courtaulds	10	"Mams"	7	Town & City	1¼
Debenhams	8	Mrks. & Spncr	10	**Oils**	
Distillers	15	Midland Bank	25	Brit. Petroleum	45
Dunlop	7	N.E.I.	12	Burmah Oil	5
Eagle Star	11	Nat. West Bank	22	Charterhall	3
E.M.I.	14	Do. Warrants	10	Shell	28
Gen. Accident	17	P & O Dfd	8	Ultramar	20
Gen. Electric	16	Plessey	8	**Mines**	
Glaxo	40	R.H.M.	5	Charter Cons.	12
Grand Met.	9	Rank Org. 'A'	16	Cons. Gold	14
G.U.S. 'A'	20	Reed Intnl.	12	Rio T. Zinc	16
Guardian	18	Spillers	3		
G.K.N.	22	Tesco	4		
Hawker Sidd.	20	Thorn	22		
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES

Friday August 11 1978

All-out strike at Polaris bases

By Philip Bassett, Labour Staff

DOCKYARD workers at Polaris submarine bases on the Clyde, where all work has been blacked, started all-out strike action yesterday. Talks with Ministers in London failed to resolve the dispute—which involves 183,000 industrial civil servants—and will be resumed today.

Shop stewards at the bases said they had been pushed over the limit by the management's taking 250 workers off pay for refusing to carry out work on the Polaris submarine Resolution. Navy workers are preparing the submarine for sea.

All the 2,500 workers at the three Clyde bases — Faslane, Arrochar and Coulport—were told at midday yesterday that they were being taken off pay. A shop-floor amendment call for a stoppage was put to a hastily-called meeting and was carried overwhelmingly.

Pickets posted

Pickets were posted at the base and they will be maintained 24 hours a day. A statement from the shop stewards said: "The unions feel that suspension of our members was an act of deliberate escalation on management's part and we are left with no alternative but to respond."

Dockyard workers at Rosyth, where two other Polaris submarines, the Repulse and the Renown, also have been blacked, will hold a meeting today to decide what action to take after the failure of talks in London to reach a settlement in the pay dispute.

Mr. Peter Adams, chairman of the joint co-ordinating committee which negotiates for the industrial civil servants, said after the talks that they were not challenging the Government's stage three 10 per cent limit, under which the claim for substantial increases comes.

"But we believe that there is room for movement within Government guidelines. We are seeking the best possible deal within the guidelines." He felt that because Ministers, including Lord Peart, Lord Privy Seal, and Mr. Fred Mulley, Defence Secretary, were prepared to come back for more talks this afternoon that they were looking for a way to be more flexible in the application of the guidelines.

● Civilian workers at a naval base at Portland, Dorset, yesterday blacked the minesweeper Glasserton in retaliation for the Navy's clearing a crashed Wessex helicopter from the runway of the naval air station.

Carter go-ahead for Soviet oil sale

BY OUR FOREIGN STAFF

PRESIDENT CARTER has given the go-ahead to a $144m sale of oil equipment to the Soviet Union, in a move apparently designed to limit U.S. trade reprisals against Moscow. The Administration had earlier indicated that it would reconsider the sale by Dresser Industries in protest against the trials of two leading Soviet dissidents, Mr. Anatoly Shcharansky and Mr. Alexander Ginzburg.

The deal for drill bit-making equipment and technology — vital for the Soviet oil industry — was virtually concluded before Mr. Carter announced his ban on exports of oil technology last month. However, sale of an accompanying advanced electron beam welder had still to be approved.

Mr. Carter indicated at his last Press conference that he would probably now permit the sale, though there were strong advocates within the Administration and Congress urging a ban. Dresser Industries has now confirmed that the deal will go ahead.

The Administration move on the Dresser sale was twinned with the veto of a proposed $6.7m Sperry Rand computer sale to Tass news agency to handle reports from the 1980 Olympic Games in Moscow. This veto apparently still stands.

The Soviet Union has been somewhat contemptuous of the White House move and senior officials in the foreign ministry and trade agencies have suggested that limited trade sanctions would backfire.

Moscow Press reports have said that the Soviet buying agencies would turn to Japan or West Germany for alternative supplies of oil technology if need be. None the less, Western analysts have detected a note of concern among Soviet commentaries that the limited sanctions would be extended.

President Carter's decision to relent on the Dresser sale will anger some U.S. critics who have argued that the U.S. should show the strongest disapproval of Moscow's abuse of human rights. Computer and oil technology had been judged the most sensitive part of the Soviet economy.

But there were also compelling arguments for allowing the sale to continue. One view, echoing the Soviet position and clearly reflecting sections of U.S. business opinion, was that a ban would be futile. The U.S. would lose business without gaining any political benefits. Another argument against vetoing the Dresser sale was that it was in the global economic interest to keep up the pace of Soviet oil development so that the Russians should not end up having to import oil.

The approval for the Dresser deal now raises the question of what sanctions the U.S. can apply when it wants to express disapproval of Soviet human rights policies. Another leading dissident, Mr. Alexander Podrabinek, goes on trial next week charged with anti-Soviet agitation and the White House will have to frame its response accordingly. The Podrabinek case, however, is unlikely to cause as much of an outcry as the trials of Mr. Shcharansky and Mr. Ginzburg.

Stock Exchange looks at commission rates

BY MARGARET REID

THE COST of buying and selling shares may rise in the coming months as a result of a major Stock Exchange review of stockbrokers' commission rates.

The increases would be the first since April 1976, when commissions were raised by an average of 3.9 per cent, although this did not apply equally to all types and sizes of deal.

A detailed survey of the inflation of broking firms costs is being undertaken, since this will be one important factor in deciding whether an increase in the commission—which provides stockbrokers' revenue—is needed.

The study is expected to be the most thorough ever conducted by the Stock Exchange in its periodic re-examinations of its scale of charges. It will cover the whole structure of commissions, for gilt-edged and share transactions.

One object will be to assess whether different rates for various classes and sizes of deal are in the right relationship to each other.

Adjustments may be made, to the pattern of the structure, quite apart from the broader question of whether a general increase is needed.

In accordance with recent practice, the Stock Exchange will consult representatives of users of its market, including investing institutions, the banks and the Confederation of British Industry, before any decisions are taken to alter rates.

The review is being launched when the share market is booming and doubtless boosting revenue from commissions, which are on a percentage basis.

But stock market turnover, on which commissions are charged, does not necessarily move in step over time with long term trends in prices and Stock Exchange firms' costs, although business has been very active in the past two years or so in some sectors, such as gilt-edged.

The Stock Exchange's basic system of fixed minimum commissions is under long-term scrutiny by the Office of Fair Trading as a restrictive practice, but it seems improbable that the issues arising from that consideration will be resolved for a few more years.

If increases in commissions are found to be necessary in the next few months, the aim will be to introduce them at a much earlier stage, to safeguard the financial health of member firms.

Fears that French hovercraft may infringe patents

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE NATIONAL Research Development Corporation is concerned that French hovercraft engineers may infringe UK hovercraft design patents in their attempts to resolve recurring problems with part of the Sedam N500 passenger craft.

The fears relate to redesign work now going ahead on the vital flexible skirt containing the air cushion on the French hovercraft.

One of the biggest hovercraft in the world, it started cross-Channel flights on July 4. But regular services have been hit by "blow-outs" on the original French-designed skirt.

The French skirt is entirely different from the fully patented and successful skirt on Britain's Super 4 craft which shares the Dover-Calais-Boulogne service with the N500. The Super 4 has carried most Seaspeed hovercraft passengers without much interruption since July 4.

The British skirt is the result of over 10 years' testing and design perfection, but French engineers refused to buy this technology through licensees Hovercraft Development, the wholly owned patent holders of the NRDC.

French engineers from Sedam, the N500 design company, said on the craft's official maiden flight last month that the skirt would have to be modified or completely redesigned.

The only way the French designers could solve the problems successfully would be to adopt the patented British solution, the corporation suggested yesterday. Work in this direction had already started, officials thought.

Mr. Tom Coombs, the manager of the mechanical and civil engineering group in NRDC said the corporation had already held talks with Sedam about possible infringements. "There are various patent questions still to be resolved, but we will not let this go away."

NRDC said a licence to use the skirt design could be worth as much as £750,000 for any N500 craft put into operation.

Signalmen end tea-break dispute

By Our Labour Staff

THE TEA BREAK stoppages which hit London commuter services are over.

The three signalmen at Bethnal Green, East London, have agreed to meet the executive committee of their union after calling off their rush-hour teabreaks following talks with a National Union of Railwaymen's representative.

If the Bethnal Green team achieves their aim they will receive parity with Liverpool Street signalmen.

It is estimated that during their unofficial action, they were holding up 15 trains during peak rush hour periods.

Continued from Page 1

Chrysler to sell up

Europe's most successful car manufacturers, exporting more than half its annual production, is bringing a valuable dowry to the marriage.

The group produced 1.52m vehicles last year and made a net profit in 1977 of FFr 1.25bn (about $283m) on a turnover of £4.3bn.

Chrysler's European sales in 1977 on the other hand totalled £3.3bn and the production of its European subsidiaries totalled 774,000 vehicles, about half the output of the French group.

The net earnings of Chrysler France, which manufactures Simca cars, dropped last year to FFr 47m from FFr 215m in 1976.

The total value of the 1.8m Peugeot-Citroen shares to be ceded to Chrysler is about FFr 864m (some $200m) at today's Bourse price of FFr 480 per share. Together with the cash payment of $230m which Peugeot-Citroen is raising out of its own resources, this makes the deal worth about $430m.

There was no immediate stock exchange reaction to the agreement, since the Bourse was already closed when it was announced.

The deal will clearly ease Chrysler Corporation's severe financial problems, complicated in recent years by the support it has had to give its UK interests.

For the last few months, there have been indications these activities were running into financial problems again, in spite of the infusion of Government finance following the rescue operation mounted in early 1976.

The U.S. group said yesterday that the $230m cash it will be paid by Peugeot will be added to general funds and add "greatly to financial flexibility."

A previously-announced $7.5bn spending programme through to 1985 is needed to help the company meet Government standards for fuel consumption and emissions, and reduce the size of its cars and upgrade its plants.

John Wyles writes from New York: The Chrysler-Peugeot deal sparked much interest among investors and the company's stock was the fourth most active on the New York Stock Exchange.

The consensus among security analysts that the deal would, in the short term, substantially fortify Chrysler's balance sheet, helped demand for the company's shares, which closed at $12¼, up $1⅛.

The Justice Department is examining the agreement as a matter of normal routine. A spokesman indicated that there was unlikely to be anything in it to which it might object.

Weather

UK TODAY

MOSTLY dry, sunny spells, rain in W. later.

London, S.E., E., Cent. N. and N.E. England, E. Midlands
Dry, sunny periods. Max. 20C-23C (68F-73).

Cent. S. and N.W. England, W. Midlands, Channel Is., Lakes
Mainly dry, sunny periods. Max 20C-22C (68F-72F).

S.W. England, Wales, I. of Man
Dry at first, becoming cloudy with rain. Max. 17C-18C (63F-64F).

Borders, Edinburgh, Dundee, Abereen, Glasgow, Cent. Highlands, Moray Firth
Mainly dry, sunny intervals. Max. 17C-18C (63F-64F).

Argyll, S.W. and N.W. Scotland
Bright intervals at first, rain later. Max. 15C-16C (59F-61F).

N.E. Scotland, Orkney, Shetland
Mainly dry, sunny intervals. Max. 14C-15C (57F-59F).

N. Ireland
Rain, cool. Max. 15C-16C (59F-61F).

Outlook: Rain, sunny intervals later.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdm.	F	20	68	Madrid	S	27	81
Athens	S	30	86	Manchstr.	C	17	63
Bahrain	S	35	95	Melbourne	C	12	54
Barcelona	C	24	75	Mexico C.	S	20	68
Belfast	C	17	63	Milan	C	20	68
Belgrade	F	24	75	Montreal	S	21	70
Berlin	F	20	68	Moscow	C	18	64
Birmghm.	F	16	61	Munich	F	15	59
Bristol	C	17	63	Newcastle	C	15	59
Brussels	F	20	68	New York	C	27	81
Budapest	C	21	70	Oslo	C	17	63
B. Aires	C	15	59	Paris	C	17	63
Cairo	S	38	100	Perth	S	15	59
Cardiff	F	16	61	Prague	C	15	59
Chicago	S	22	72	Reykjavik	C	13	55
Cologne	C	19	66	Rio de J'o	S	27	81
Copnhagn.	F	22	72	Rome	F	26	79
Dublin	C	17	63	Singapore	S	30	86
Edinbrgh.	C	16	61	Stockholm	F	19	66
Frankfurt	C	16	61	Strasbourg	C	16	61
Geneva	C	15	59	Sydney	S	16	61
Glasgow	C	17	63	Tehran	S	31	88
Helsinki	R	12	54	Tokyo	C	30	86
H. Kong	S	29	84	Toronto	S	21	70
Jo'burg	S	19	66	Vienna	C	20	68
Lisbon	S	28	82	Warsaw	F	20	68
London	C	17	63	Zurich	F	16	61
Luxembrg.	C	15	59				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	23	73	Las Plms.	S	23	73
Biarritz	S	20	68	Locarno	F	21	70
Blackpool	S	17	63	Luxor	S	41	106
Bordeaux	F	20	68	Majorca	F	25	77
Boulogne	C	17	63	Malaga	S	25	77
Casablnca.	S	25	77	Malta	S	30	86
Cape Town	C	15	59	Nairobi	S	22	72
Corfu	S	29	84	Naples	F	25	77
Dubrovnik	S	25	77	Nice	F	23	73
Faro	S	25	77	Oporto	S	21	70
Florence	S	24	75	Rhodes	S	27	81
Gibraltar	S	24	75	Salzburg	C	17	63
Guernsey	F	16	61	Tangier	S	30	86
Innsbruck	F	18	64	Tenerife	S	19	66
Inverness	F	15	59	Tunis	S	29	84
Isle of Man	C	15	59	Valencia	F	26	79
Istanbul	S	28	82	Venice	F	22	72
Jersey	C	17	63				

F—Fair. S—Sunny. C—Cloudy. R—Rain.

Continued from Page 1

Dollar continues to fall

has fallen by 3.2 per cent against the D-Mark, by 3.7 per cent against the Swiss franc, but only 1.3 per cent compared with the Japanese Yen which made its strongest recent gains in late July.

Sterling continued to benefit from the dollar's weakness yesterday, closing only just short of the day's peak at $1.9530, a rise of 40 points on the day. The trade-weighted index closed unchanged at 62.4.

The renewed demand for the D-mark in the last week has created problems within the European snake, notably for the Belgian franc which was yesterday again below its floor against the D-mark and may have received some central bank support.

NatWest sells holding in CU for £29m

By Margaret Reid

ANOTHER large block of shares was sold through the buoyant stock market yesterday when 19.1m shares in Commercial Union Assurance were placed on behalf of National Westminster Bank for £29.3m.

The placing was carried out by J. and A. Scrimgeour, stockbrokers, at 154p a share, not far below Commercial Union's closing price of 164p on Wednesday. Last night the shares finished only 6p down on the day at 158p.

The shares found new homes among a wide range of owners, since between 125 and 150 investing institutions took up the holding between them.

National Westminster had acquired the shares, a 4.6 per cent stake, in 1972 in exchange for selling its substantial minority stake in Mercantile Credit, the finance house, to Commercial Union.

Mr. Jeff Benson, NatWest's group chief executive, said yesterday: "We decided earlier in the year to dispose of this holding and market conditions have provided the opportunity for us to do so. The proceeds will be applied to the ordinary business of the bank.

Large placings

Earlier this week Commercial Union announced a sharp rise in its pre-tax profits for the first half of 1978 to £64.2m from £38.2m a year earlier. This, coupled with the buoyancy of the share market, provided a favourable context for the placing.

Natwest's sale of the shares was the latest in a series of large placings during the current market upsurge. Last week, Allied Breweries' big holding in Trust Houses Forte was disposed of for £48m and, in the previous week, Continental Group of the U.S. sold its stake in Jefferson Smurfit for £18.4m.

In the present cheerful marget atmosphere, a number of companies' Boards are thought to be discussing with stockbrokers the possible placing of sizeable blocks of shares in other companies which they do not wish to retain in the long term.

Yesterday's placing was the fourth time in less than four year's that large amounts of Commercial Union shares, totalling £218m, have been available. The insurance group raised £62½m by a rights issue in October 1974 and £76½m by another in November 1977 In April 1977 it issued £50m of its shares for the take-over of Estates House Investment Trust. The Commercial Union share price is just below its 1978 peak of 164p.

Natwest, which took up its rights offers on its holding in 1974 and 1977, incurred a book loss of £4m on the shares sold yesterday. But it had earlier made a £21m profit on its stake in Mercantile Credit.

Merger cost highest for five years

THE NUMBER of mergers in the UK in the second quarter of 1978 was running at about the same level as in the first quarter but the total cost was £69m higher.

In the second quarter £300m was spent on acquiring 133 industrial and commercial companies, while in the first quarter 138 companies were acquired for £231m. This activity in the second quarter shows the highest level of expenditure since late 1973, according to figures released yesterday by Trade and Industry magazine.

Total costs were distorted by the acquisition during the period of Harrisons Malaysian Estates, 80 per cent of which was acquired by Harrisons and Crosfield for an estimated £95.2m. There were four other acquisitions for amounts over £10m, but the great majority of acquisitions were for £2m and below.

The figures also reveal a growing tendency for bidding companies to offer shares rather than cash.

In 1977 expenditure in the form of ordinary shares was £301m out of a total of £815m. In the first quarter of 1978, £85m ordinary shares were issued, out of a total expenditure of £231m. In the second quarter the issue nearly doubled and reached £167m.

THE LEX COLUMN

A stronger parent for Chrysler

It is early days yet, but the proposed purchase of Chrysler Europe by Peugeot-Citroen looks a welcome development for UK suppliers and taxpayers. Sizeable parts of Chrysler's UK operations must be reckoned to have a highly uncertain long term future no matter who is controlling the business. Yet its chances could be perceptibly improved under the proposed new ownership.

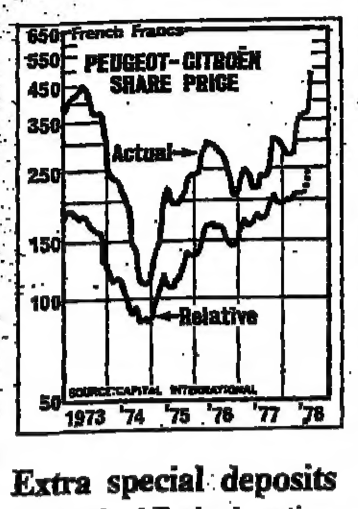
Chrysler is one of the weakest of the motor multi-nationals in product and financial terms. It is highly geared and loss-making and it faces an enormous spending programme over the next few years to meet new legislative requirements in the U.S. Its European operations are no help here—they have lots of debt, and they lost money in aggregate last year. The operation has only been kept viable by UK Government support, and given Chrysler's financial needs in the U.S. there have been major uncertainties as to how the European business would be financed after the UK commitment to fund part of any losses runs out in 1979.

By contrast Peugeot has been one of the success stories of the international motor industry, as demonstrated by its share price performance. Conveniently enough, the shares have been particularly strong in the last month or so, with a rise of about a third. Shares make up $200m of the purchase price and cash another $230m.

This can be covered from existing resources. Peugeot's equity amounts to $1.9bn, compared with loan capital of $1.3bn: its cash flow runs at $890m a year, and an already liquid balance sheet will have been further strengthened by its arrangement earlier this year of a $200m medium term loan.

On the basis of recent earnings, the purchase price looks generous—and Chrysler's stock moved smartly ahead in early trading on Wall Street. However Chrysler's net assets in Europe amount to over $600m—and the Peugeot management has already shown with Citroen what it can achieve with a large and apparently ailing motor business. At the recent annual meeting, shareholders received a pointed reminder that their fears in 1974-75 about the merger with Citroen had proved groundless. The challenge this time looks substantially greater.

Index fell 2.2 to 514.0



Extra special deposits

The Bank of England continues to juggle courageously with the shortages in the money market. Having "temporarily" released most of the banking system's special deposits to relieve technical shortages following the introduction of the corset, it is now helping the clearing banks out with their fixed rate export credit financing. The authorities are permanently releasing £207m of special deposits to the clearers, which means that when they come to repay their other special deposits next month their rate of call will be effectively 2½ per cent rather than the 3 per cent for the rest of the banking system. The authorities emphasise that this is a special case and does not reflect any relaxation of the corset controls. However, it remains to be seen what will happen if the corset starts to bite into other forms of "priority lending."

Rothmans

Dr. Anton Rupert's representatives seem to be bending over/backwards to avoid any suggestion of unfair dealing in the plan to transfer the majority stake in Rothmans of Pall Mall Canada (RPMC) to Rothmans International (RI). Not only have the outside shareholders the comfort of knowing that their interests have been guarded by four separate banks—Rothschild, Samuel Montagu, Orion and Chase Manhattan—but they will also be left to decide the issue without the Rupert Group votes.

That should not prevent shareholders from scrutinising the acquisition circular very carefully. They may be di appointed to find no explan tion in it for RI's complet about-turn on its stated obje tive, announced less than year ago, to earn 40 per ce of group profits from outsic tobacco within five years. As is there is a lingering feelin that RI's deal with RPMC only part of a greater plan fc Dr. Anton's own interests.

Still, the deal looks reaso able in earnings terms for R At a cost of £44m, plus £18 for an assumed debentu liability, it will acquire an per cent stake (declining ne year to 65 per cent) in a grou which produced earnings la year of £11½m. RI's pro-form income statement for the con bined businesses shows th fully diluted earnings per shar for 1977-78 would increase per cent. Another key facto could be the dividend cove which, barring accidents, shoul rise at least 20 per cent fro last year's high of 10.8.

The least flattering aspect c the transaction will show up i RI's already highly geared ba ance sheet where net borrow ings increased by £60m an goodwill goes up by £40m.

CU/NatWest

Given the surfeit of Commer cial Union paper which th stock market has had to diges over the past four year (upwards up £180m), yester day's £29m placing of NatWest's 4.6 per cent stake, was a rea test of the institutions' appetite for equity. Pitched at a 6 per cent discount, the placing wa tied up in just an hour and a half and the CU share price only slipped 6p to 158p which gives some measure of the institutional demand. In the absence of sizeable rights issue a growing number of companie seem to be following ICI's example with IMI last autumn They are taking the opportunity to casch in share stakes that do not fit in with their industria logic.

In NatWest's case it made a £4m bookloss on the deal but this has to be set against the £21m profit it made on the original sale of its stake in Mercantile Credit to CU in early 1972. Although the sum real ised is peanuts in relation to NatWest's shareholders' fund of £1bn, it should help offset the £60m goodwill which wil arise if the National Bank o. North America acquisition i successful. It will thus make the relatively low free equity ratio look a bit more healthy.

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